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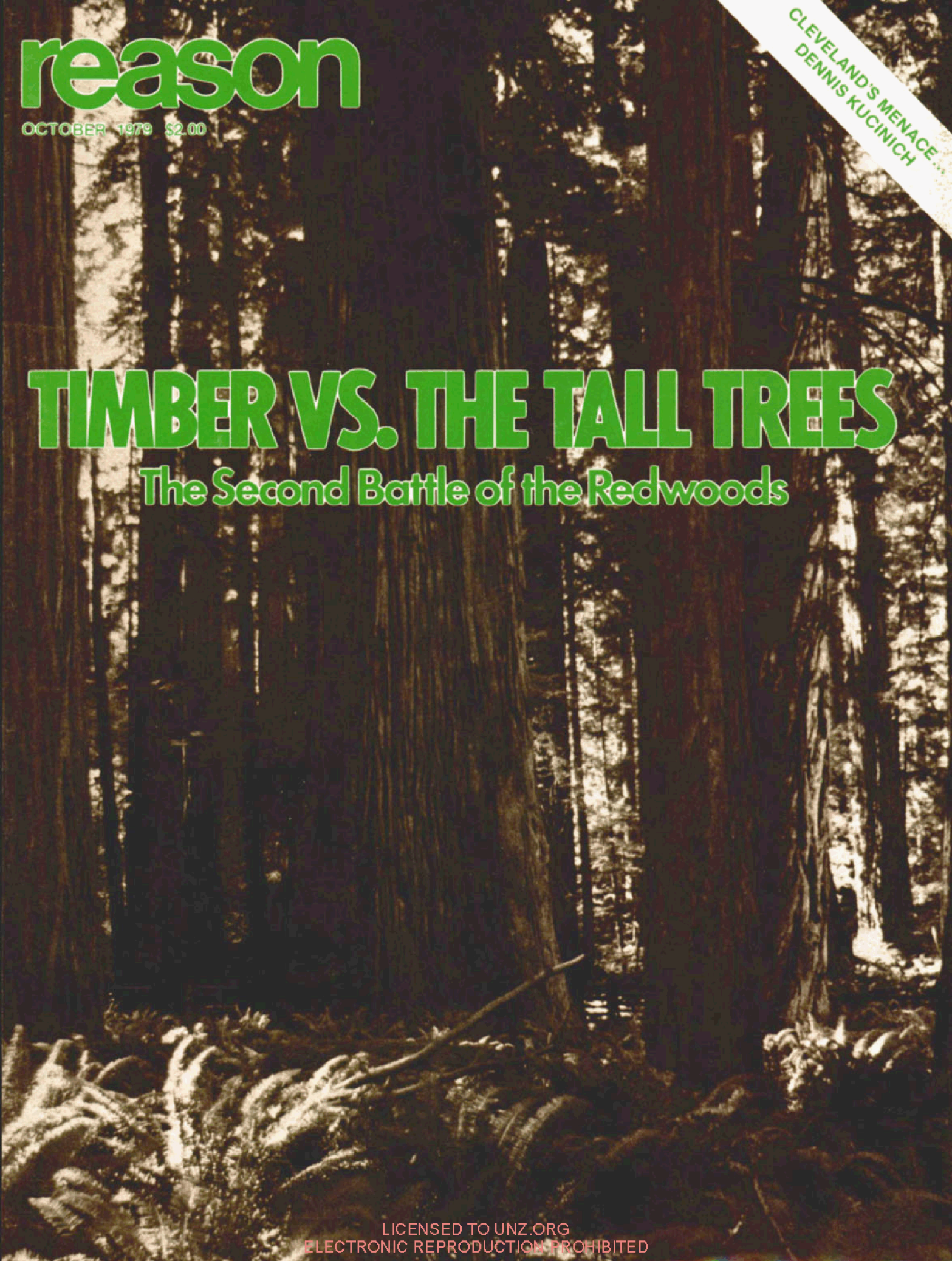
TIMBER VS. THE TALL TREES

The Second Battle of the Redwoods



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THE FASTEST GROWING CHURCH IN THE WORLD

by Brother Keith E. L'Hommedieu, D.D.

It's quite safe to say that of all the organized religious sects on the current scene, one church in particular stands above all in its unique approach to religion. The Universal Life Church is the only organized church in the world with no traditional religious doctrine. In the words of Kirby J. Hensley, founder, "The ULC only believes in what is right, and that all people have the right to determine what beliefs are right for them, as long as they do not interfere with the rights of others."

Reverend Hensley is the leader of the worldwide Universal Life Church with a membership now exceeding 7 million ordained ministers of all religious beliefs. Reverend Hensley started the church in his garage by ordaining ministers by mail. During the 1960's, he traveled all across the country appearing at college rallies held in his honor where he would perform mass ordinations of thousands of people at a time. These new ministers were then exempt from being inducted into the armed forces during the undeclared Vietnam war.

In 1966 Reverend Hensley was fighting the establishment on another front. The IRS tried to claim the ULC wasn't a legal church and proceeded to impound the ten thousand dollars in the church bank account. The feisty Hensley filed suit against the IRS in federal district court for return of the funds and to permanently establish the ULC as a legal tax exempt entity. On March 1, 1974 Judge James F. Battin ruled against the IRS in his decision which stated, "Neither this court or any branch of this government will consider the merits or fallacies of a religion. Nor will the court praise or condemn a religion. Were the court to do so, it would impinge upon the guarantees of the First Amendment." The judge then ordered the IRS to return the impounded money and to grant the Universal Life Church its tax exempt status.

Reverend Hensley has stated that he believes a church is people and not just a fancy building. He also believes in total freedom and equality for all people. The ULC will ordain anyone without regard to religious beliefs, race, nationality, sex or age.

The ULC's success formula is both effective and unquestionably legal. After a person has become an ordained minister, he or she can join with two other people and form their own Universal Life Church. These three people then make up the Board of Directors consisting of a Pastor, a Secretary and a Treasurer. The ULC will then grant the group the use of its legal church charter complete with both federal and state tax exempt numbers. The newly formed church may then open a bank account in the church's name. Any member of the church can legally donate up to 50% of his or her outside income to the church and take a corresponding tax deduction. The church in turn can pay the complete housing cost of its minister including rent or mortgage payment, insurance, taxes, furnishings and repairs. The church can also provide the minister with full use of an automobile as well as pay for travel and educational expenses. None of these expenses are reported as income to the IRS. Recently a whole town in Hardenburg, New York became Universal Life ministers and turned their homes into religious retreats and monasteries thereby relieving themselves of property taxes, at least until the state tries to figure out what to do.

Brother L'Hommedieu is Chairman of the Board of Trustees of the Sacerdotal Order of the Universal Life and serves on the Board of Directors of the International Universal Life Church, Inc.

Churches enjoy certain other tax benefits over the common man on the street. For instance, a church can legally buy and sell real estate or stocks and bonds completely tax free. It can receive tax free income from bank deposits or mortgages. Many churches own large publishing, recording, or other related businesses like hospitals, clinics and schools without paying any income tax.

A church can sponsor any kind of fund raising event such as a concert, play or even bingo. Churches are also exempt from paying inheritance taxes. When the pastor of the church dies, the Board of Directors simply appoints a new pastor and the church goes on.

Reverend Hensley has stated that he personally doesn't believe in the tax exempt status of churches. However, if the government is going to give a free ride to Billy Graham and the Pope, then why not let everybody participate in these blessings. Furthermore, he backs his words up by offering to defend in court the tax exempt status of his congregations.

Since the church was founded in 1962, it has attracted members who are movie and TV personalities, businessmen, government officials, lawyers, and doctors as well as all types of regular working people. During the last 15 years the Universal Life church has blossomed into a full blown grass roots populace movement. Reverend Hensley is ordaining ten thousand new ministers a week and predicts that the church will have over 20,000,000 members by the early 1980's. In addition, requests for interviews and TV appearances continue to pour in.

Anyone who is a member of the ULC will tell you that the ULC is destined to change the world. By unifying mankind into a brotherhood of freedom orientated individuals, each respecting the other's right to live life as they see fit, the Universal Life Church hopes to put an end to all wars. Reverend Hensley admits that this is a pretty monumental task to accomplish, but he also points out that he is already well on the way to reaching his goal.

Rev. Hensley invites all those interested in becoming an ordained minister and receiving complete information and Minister's Credentials, to send a $10[00] tax deductible donation to the Universal Life Church, 1335 Seabright Ave., Dept. **148**, Santa Cruz, CA 95060

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reason

A forum for analysis and commentary, with an emphasis on individual liberty.

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Cover photo by C. R. Batten

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Marty Zupan

SENIOR EDITORS
Tibor R. Machan
Manuel S. Klausner

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editor's notes

• **FOUNDATION UPDATE.** The Reason Foundation continues to develop new projects to study the intellectual case for a free society. Under our Liberty Fund-sponsored summer research program, for example, 17 resident fellows are hard at work on a variety of topics in political philosophy. Bruce Bell is studying the implications of the issue of burden of proof as applied to the Food and Drug Administration's drug and food additive testing policies. Several of the fellows are writing books: Allan Buchanan, for example, is working on a book scrutinizing Marx's attack on the concept of rights; Leonard Billet's book reinterprets Adam Smith's *The Wealth of Nations* as fundamentally concerned with questions of *justice* in economic relationships; David Levy's book involves controversy between classical economic theory and traditional philosophy. Among other projects, Arthur M. Diamond is examining the question of government financing of pure scientific research, while Lynn Scarlett is exploring "appropriate technology" and Third World development.

Another project now underway is the preparation of a book on alternatives to federal regulatory agencies. Entitled *Instead of Regulation*, the volume will tackle 12 of the major federal regulatory agencies (ICC, FCC, OSHA, EPA, FDA, etc.)—in each case comparing actual performance with the intentions of supporters, and then examining alternative social and economic means of dealing with the area in question (frequency-spectrum management, workplace safety, pollution, etc.). Each chapter will deal with one of the agencies and will be written by an authority in the field. Among the contributors will be George Hilton (ICC), Alan Reynolds (DOE), Robert S. Smith (OSHA), Mark Crain (NHTSA), and Ida Walters (FCC). The volume will be edited by Robert Poole, Jr., who will also write the chapter on the FAA. Contributions to support this project are being sought.

The second issue of our quarterly report on the Foundation's activities—*Reason Report*—was published in July. The *Report* has been sent to all contributors to the Reason Foundation.

• **CARTOON FAME.** Our regular political cartoonist, John Trever of the *Albuquerque Journal*, has received an Honorable Mention in the United States Industrial Council's annual Dragonslayer Awards for political cartoons. And our own Randy Hylkema's unique Rudebarbs comic strips have been collected into book form, by Books in Focus, Box 3481 Grand Central Station, NYC 10017. $5.20 ppd. (plus sales tax in New York).

• **GOOD READING.** Among the interesting and worthwhile articles we've seen recently, check out contributing editor Jim Davidson's "25 Myths of the Energy Crisis" in the July *Penthouse*. Also on the subject of energy is *Playboy*'s August interview with physicist Edward Teller (interviewed in REASON, June 1976). If *Commentary* is more to your taste, Samuel McCracken's "The Harrisburg Syndrome" (June) is a well-done look at recent nuclear power issues. And the same magazine's July issue features civil rights leader Bayard Rustin's very sensible case for recognition of the new government in Zimbabwe-Rhodesia. Also highly recommended is Walter Karp's brilliantly libertarian article, "Republican Virtues" in the July issue of *Harper's*.

• **BIG SEND-OFF.** Harper and Row is launching what they call "the biggest advertising campaign in publishing history" to promote Robert Ringer's new book, *Restoring the American Dream*, excerpted in our September issue. The first printing is a huge 200,000. It looks as though the libertarian message is about to reach a vast new audience.

• **NEW MAGAZINE.** One of America's oldest magazines has become something completely new. *Argosy*, since 1882 a men's adventure magazine, has become instead "an ombudsman for the American taxpayer." The magazine's August issue, the first in the new format, features a cover story on Howard Jarvis, an illustrated article on the private fire department in Scottsdale, Arizona (first featured in REASON in May 1976), exposes of Amtrak and OSHA, and a variety of other articles on taxation and big government. Only time will tell whether the new format will succeed, but the fact that *Argosy*'s publisher made the change is yet another significant straw in the wind.

• **WELCOME BACK.** After a several-month hiatus, John R. Lott has rejoined REASON as our Spotlight columnist. John is a graduate student in economics at UCLA and also works for the UCLA-based International Institute for Economic Research.

—R. P.

"Do you want the government prying into your finances? I'll show you how to keep them away."

A Message from Mark Skousen

Three years ago I met a field auditor with the Internal Revenue Service. At social gatherings, when the talk got around to the mess in Washington and everyone's gripes about the government, he would interrupt with, "Now what did you say your social security number is?"

He was joking—or so he said. But his words set me thinking. *If the government can catch me with a number, then the power to tax is indeed the power to destroy.*

I began to study the situation. I was appalled to discover how much the government and business groups could find out about my personal and financial affairs *without my even knowing it.*

But I also learned that there were steps I could take—perfectly legal steps—to keep the snoops out of my life.

Then, as I got deeper into the problem, I realized that other men and women were troubled too. They were angry, but they felt helpless to do anything about it. When I told them the simple steps they could take, for example, to protect their social security number, most of them just wouldn't believe me, until I actually proved it. One friend suspected his boss was spying on him. I showed him a free, easy way to find out whether his office phone was bugged. A friend of my wife's was having trouble with her husband. He was living beyond their means, spending their savings on heaven knows whom. I was able to show her how to store her valuables safely, outside her home and her safe deposit box.

But one thing I learned after three years of research. *Nobody had ever written a book about how I could protect my privacy.* It seemed that everybody was afraid of what the government would do to him.

Well, I don't consider myself a hero, but I decided to take on this project myself. After all, I am not doing anything illegal—or recommending anything illegal. My book is not for criminals. (They already know all the illegal methods.) It is for concerned citizens who *don't* want to break the law, but want to do everything possible to keep the government, business competitors, or prying relatives out of their private lives and their financial affairs.

My publisher calls the book **Mark Skousen's Complete Guide to Financial Privacy.** If secrecy, financial and otherwise, is one of your concerns, I'm certain my book will help you, in dozens of ways. For example:

- 5 reasons why you need financial privacy now.
- How to make sure your larger checks are *not* available to the government.
- Treasury rules on foreign bank accounts: 5 promising *legal* loopholes.
- 2 little-known tricks for preserving privacy even with a listed phone number.
- How to learn what data a credit bureau is furnishing about you.
- 2 ways to get a sizable loan without collateral and without revealing the purpose of the loan.
- Risks you should *not* take to maintain privacy.
- How to mail money out of the country anonymously.

"Privacy from government is perhaps the most important thing in life right now."

—Harry D. Schultz

- The 10 best ways to hide your valuables.
- You *can* avoid probate, and the harmful publicity that goes along with it.
- The terrible powers of the IRS.
- Sample contract to assure bank privacy.
- The benefits of a (perfectly legal) fictitious company checking account.
- The 6 best tax havens. Advantages and disadvantages of each. 6 common reasons for using a tax haven.
- How to use money orders, cashier's checks and travelers checks to enhance privacy. How to avoid the pitfalls.
- How the post office can monitor your mail.
- IRS devices to learn more about you.
- The joys of a diplomatic passport. 3 ways a nondiplomat may get one.
- Mexican banks: there's privacy, but also risks.
- Advantages of foreign accounts even where there is no secrecy.
- Project Haven, and the illegal behavior of IRS agents.
- Money couriers: many work for the underworld, but some don't.
- U.S. and Nazi tax laws: one disturbing similarity.
- An expert's rundown on alarms and security devices.
- Advantages—and risks—of a second passport.
- The positive side of the so-called Bank Secrecy Act.
- Ways *anyone* can spy on you—legally!
- Swiss banks: still secret, in most circumstances. The 35 crimes that allow the Swiss to reveal bank secrets. Large and small Swiss banks—which are better?
- One-stop Swiss banking: the amazing variety of services. The numbered account: pro and con; how it works.
- 2 legal ways to take a large sum out of the country *without* reporting it.
- 3 ideal investments for maintaining privacy.
- Your investments: those that get reported to the IRS; those that are *not* reported.
- 24 steps to financial and personal privacy—a summary.
- 7 tips to help you avoid a tax audit.

Yes, my book *can* help, in countless ways. Proof: send for it. If you don't agree, my publisher will give you your money back.

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☐ I enclose $14.95. Please rush, postpaid, *Mark Skousen's Guide to Financial Privacy.* I understand that I may read the book for 14 days. If not pleased, I may return it for a full and prompt refund.

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Refugees—And Other Boat People

editorial

For the past six months the world has witnessed a tragedy of epic proportions in Southeast Asia. Hundreds of thousands of people—some uprooted by the continuing warfare in Cambodia and others forcibly expelled by the Communist government of Vietnam—have been thrust from their homelands into a world which seems to have little use for them.

Actually, the refugee tide has been flowing ever since the end of the Vietnam war. In the past four years some 540,000 Indochinese refugees have found new homes abroad—42 percent in China, 39 percent in the United States, and 19 percent in Canada, Australia, France, and West Germany. But the tide has become a flood this year, as the government of Vietnam began ruthlessly uprooting its entire population of ethnic Chinese. As a result, between 300,000 and 400,000 refugees now occupy primitive camps in Thailand, Malaysia, Hong Kong, and Indonesia, and the hard-pressed governments of these poor or overcrowded countries are crying out for help—and a halt in the flow.

What's happening today in Vietnam sounds agonizingly similar to what happened to Jews in Germany during the '30s. Take the case of Haiphong dentist Kooi Peih-Khin, as reported by *Los Angeles Times* correspondent Linda Mathews:

> ...the midnight knock on the door came early in March. [The police] pushed their way into Kooi's house and the lieutenant announced, "All Chinese are advised to leave Vietnam. They are not wanted here anymore. For the sake of security, we must have a Vietnam free of Chinese."
>
> "The first time the police came, I didn't know whether to take their threat seriously," Kooi said. "But then they came once a week, and then once a day, to threaten us. It became clear there was no future for us or people like us in Vietnam. It was either leave or die. So we sold all our belongings, gave the police the money they demanded, and we left."

Refugees in Hong Kong report that the mass deportations are directed by Haiphong's Interior and Finance ministries, which have ordered police to collect an "expatriate departure tax" from every refugee. At up to 12 taels of gold apiece ($3,500), Vietnam expects to collect up to $3 billion by the end of the year. Refugees have overtaken coal as the leading Vietnamese "export," says Hong Kong government spokesman David Ford.

The response to this barbarity by some of America's left-wing social critics is tragically revealing. Refusing to sign Joan Baez's open letter condemning the Vietnamese government, radical attorney William Kuntsler declared, "I don't believe in criticizing socialist governments publicly, even if there are human rights violations." Admitting that the Vietnamese are systematically purging the ethnic Chinese, Kunstler defends their actions:

> I defend their right to do it. It's fair. Didn't the Chinese just *invade Vietnam*? Historically the Chinese and the Vietnamese hate each other.... why shouldn't they kick out the Chinese so they'll have more food for their own?... The reality is that the Chinese are a hated minority. And the life of a hated minority is a hard one, anywhere on earth.

Notice what Kunstler is saying here. If there is some "compelling" social factor—cultural differences, a food shortage, historical differences—it's all right for one group to oppress and persecute another. "*I defend their right to do it*," he says unequivocally. And despite his later attempt to split hairs, this case is not different in principle from Hitler's treatment of Jews, Roosevelt's incarceration of Japanese Americans, or Idi Amin's expulsion of Asian shopkeepers.

As decent people we are repelled when the principle of collectivism is stated in so raw a form. Yet consider some applications of this principle that are closer to home:

- Two laborers are watching television after dinner in their modest one-room apartment in a Southern California city. Without warning officers burst in the door, handcuff them, and confiscate their furniture, belongings, and currency. Allowed to take only their clothes, they are herded onto a bus and sent across the border to Mexico. Their crime? Not possessing the proper papers.
- The operator of a tiny laundry—a one-man business in a run-down section of town, into which he has poured his life savings—receives a notice in the mail. His building has been condemned by the city Redevelopment Agency to make way for a shopping mall. He will receive the "fair market value" of the slum property—though it will be impossible for him to find another location at a price he can afford.
- A woman's car is pulled over by two hippie-looking men waving police badges. When she refuses to give them her address, they arrest her. On searching her purse they find barbiturates and charge her with possession of narcotics. The IRS, accusing her of drug sales, "terminates her taxable year" and files a jeopardy assessment on her alleged drug profits, on the basis of which she supposedly owes $25,000.

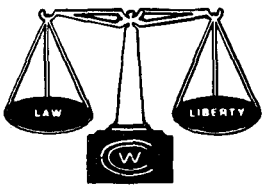
These are normal, everyday occurrences in modern America. The fact that we've given them convenient labels—"control of illegal aliens," "eminent domain," "drug enforcement"—and incorporated them into the six o'clock news does nothing to change their fundamental nature. In each case the individual rights of human beings are being violated in order to serve someone's notion of the social good. It's exactly what William Kunstler is championing: might makes right, so long as it's the might of the majority—and so long as their desire is *his* version of the social good.

The United States was founded on a totally different premise: the idea that there *is* no "social good" except the preservation of the rights of individuals—*every* individual. It's all well and good to be horrified by collectivists like the Vietnamese government and William Kunstler who are open about their commitments. But such condemnations ring hollow if they don't extend to the *principle* that's at stake—that of individualism versus collectivism.

So by all means let us open our borders and our hearts to the boat people. But let us not forget the thousands of boat people already within our borders—all those whose individual rights are daily being sacrificed on the altar of the social good.

Robert Poole, Jr.

Why Millionaires Legally Owe No Taxes



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letters

He Was There?

Careful study of "Shooting Down the Conspiracy Theory" [May] leads inescapably to the conclusion that Kennedy was assassinated by William Marina.

Leonard Rubin
New York, NY

No Friend of Ours

I note that Nicholas von Hoffman is scheduled to address Libertarians at their Southland convention in September on the subject of "Politics: Why It Ain't Cream That Rises to the Top." I've just read his kiss-off to Simon's *Time for Truth* in the July 19 *New York Review of Books*, and a better example of bitch egalitarianism would be hard to find. The confusion of the so-called libertarian philosophy would be amusing if it weren't so serious an example of why capitalism and pragmatism mixed is another sorry rationalization of those who fear reason. Was Mr. Simon invited to speak?

Newton Baird
Georgetown, CA

Energy Reasoning

Yesterday I was told that a gasoline service station in my area that has been selling gas on an "appointment only" basis is being ordered by the Department of Energy to stop that odious practice. Such an order by the DOE doesn't seem rational to me. How can "they" prefer gas lines out in the streets to those on a list? Do they really want people to have to sit and wait in their cars, with motors idling and air conditioners on for hours, while the cars, most with tanks 50 percent full, inch past the pumps to "top off"?

I am not particularly committed to the idea of gasoline by appointment, but it does seem a good alternative for those persons who are able to plan ahead. Other methods are available for those who "need" gas "right now." What annoys me is the assumption that there is only one "fair" way to sell gasoline and that it should be decided by government. Is this the United States of America, the "Land of the Free and Home of the Brave"?

We have citizens' lobby groups to fight the government on taxes, for the elderly, for and against compulsory unionism, etc.; why not a group committed to getting the government out of the petroleum business? Is it possible that price against supply would be sufficient to allocate the petroleum, and equitably at that? How about some editorials, analysis, articles. Help! Help! Somehow we have to rescue sanity from the Department of Energy.

Peter V. Locke
Metairie, LA

The Editors Reply: As this letter was received, REASON's September issue, with Robert Poole's Editorial "Energy and Power," had just gone to press. Over the years, REASON has published quite a few analyses of the energy situation: D. T. Armentano's "Petroleum, Politics, and Prices," June 1974; P. C. Roberts and N. Van Cott's "Bureaucratic Conspiracy and the Energy Crisis," Dec. 1974; R. W. Johnson's "The Energy Crisis—And How to Solve It," May 1975; Murray Weidenbaum's "Fuel for Bureaucrats—or People?" Oct. 1976; Alan Reynolds's "Energy Crisis: Made in Washington," Mar. 1977. If "they" had been listening to REASON, there would not be a 1979 chapter in what is one continuing energy "crisis."

Moral of the Story

In their recent article "The Cost of Conscription" [Aug.], Field and Boudreaux carefully note that, besides the economic arguments they will offer, there are decisive moral arguments against conscription. Fine. Except for the suggestion that some economic arguments *by themselves* are decisive. Unfortunately, this is not the case—especially since there are always some economists around eager to indicate how the introduction of a bit of freedom can make a fundamentally coercive system cost-effective.

Consider, as a nice illustration of this point, this Field and Boudreaux argument: "Under an all-volunteer system, individuals with the poorest alternatives (the lowest opportunity cost) tend to be

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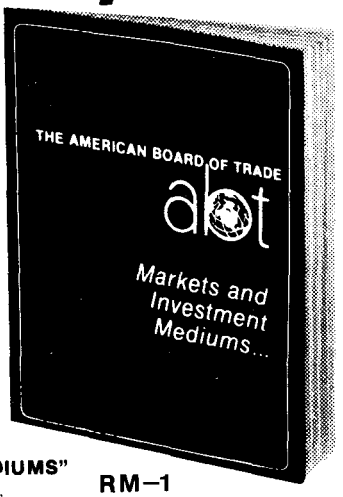

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"Around the corner is what appears to be the final blow-off in the great inflationary cycle of the last 40 years. The result, unfortunately, will be the complete destruction of the dollar."

—warns *World Market Perspective*, the newsletter which correctly forecast the 1973 oil crisis.

In March 1973, ***World Market Perspective***, a monthly economic newsletter, forecast that Arab countries would soon begin using their oil as a weapon against America. Just a few months later they did.

In August 1976, the ***Perspective*** warned that the dollar would decline sharply in European money markets. It soon hit new lows. In June 1977, when gold was $128 per ounce, the ***Perspective*** virtually begged its subscribers to buy. Today, gold is well over $250.

And in October 1978, the ***Perspective*** told its subscribers the dollar would soon **rise** against the Swiss franc and other European currencies—and it did, almost immediately.

Now, ***World Market Perspective*** warns that the current strength of the dollar is short-term and that America is headed directly towards runaway inflation. Not this year, maybe not next year. But, warns the ***Perspective***, "Runaway inflation is coming—and it **cannot** be avoided. The result, unfortunately, will be the complete destruction of the dollar."

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The Journal *of* Libertarian Studies

AN INTERDISCIPLINARY REVIEW

Now Available, **Volume III, Number 1**, containing the following important essays:

"Toward a Free Market Monetary System"

One of the economists most well respected for his understanding of the causes and consequences of inflation, Nobel Laureate **F. A. Hayek** has recently concluded that the only hope in ending the age of inflation lies in complete monetary freedom. If government currencies were forced to compete not only against each other, but against privately issued money, we could eliminate both inflation and those currencies which do not measure up to the discipline of the market.

"An American Experiment in Anarcho-Capitalism: The Not so Wild, Wild West"

Terry L. Anderson and **P. J. Hill**, economists at Montana State University Center for Political Economy and Natural Resources and authors of the forthcoming *Birth of a Transfer Society*, discuss private means of maintaining law and order in the old West. Such voluntary market institutions took a variety of forms, ranging from cooperative to profit making. The abuse of power was rare, due process was respected, and life was mainly peaceful.

"The Reform Mentality, War, Peace and the National State: From the Progressives to Vietnam"

Arthur A. Ekirch, Jr., author of the classic *The Decline of American Liberalism*, notes that advocates of increased domestic government intervention have almost invariably also been militarists and imperialists. He shows that both positions have the same roots—a view that if the ends are good the means must be also. From TR's Progressive Era, to FDR's New Deal, to LBJ's Great Society, war has been seen both as the health of the welfare state—an opportunity for the "rational" planning of society—and as the overseas extension of the welfare state.

"The War for Southern Independence: A Radical Libertarian Perspective"

Joseph R. Stromberg, a young historian of Southern intellectual and political history, offers a reappraisal of Lincoln's decision to subjugate the South. More important than slavery as a cause of the Civil War was the North's attempt to exploit the South through tariffs, taxes and other policies. To have recognized the South's right to secede and the justice of its opposition to Northern mercantilism, would not have been to condone slavery, an incongruous institution for the generally *laissez faire Southerner. Slavery* might well have died out, as Jefferson Davis himself expected, if secession had been permitted.

"The Early Development of Medical Licensing Laws in the United States, 1875-1900"

Ronald Hamowy, an historian at the University of Alberta and author of a forthcoming critique of Garry Wills' *Inventing America*, examines the origins of physician licensing laws. While in the early 19th century the medical profession was highly competitive, later, orthodox physicians were able to restrict entry into the field by government licensing. Consequently, heterodox medical views, the source of much progress at the time, began to be stifled.

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the ones who volunteer. Thus, the nation obtains military manpower at the least cost in sacrificed private output. With a draft, individuals would be forced by a set of arbitrary rules to join the military. Many of these individuals would have very high opportunity costs. . . . Consequently, the cost of obtaining the same amount of military personnel, in terms of lost private-sector output, would inevitably be much higher."

But surely, then, it can be pointed out that the way to solve this "social cost" problem is to have a draft but allow people to buy their way out of it. All draftees are to be offered freedom not to serve in exchange for the difference between what they earn if they don't serve and what their military pay would have been. (We have an illustration of the Coase theorem that an efficient allocation of "resources" will be reached no matter what the initial "assignment" of rights if payoffs are allowed, that is, as long as people are allowed to buy themselves back from the military.) The military could then use the funds derived from these ransom payments for nonpersonnel expenditures. Efficiency is restored and a meat-ax can be taken to the recruitment budget!

Objections to this refurbished draft scheme or more sophisticated variations upon it can only be *moral.* They must be objections to the distribution of burdens that the schemes involve or (and much better) objections to the violations of rights inherent in conscription and taxation.

Eric Mack
New Orleans, LA

No One Should Speak for Corporatism

Robert Bork has difficulty determining "Who Will Speak for Capitalism?" [July] because he makes the same mistake as the general public in equating capitalism with corporatism. This is precisely the reason why so many people can't stomach "capitalism"; to them it means corporate irresponsibility. Irresponsibility, a necessary characteristic of large corporations (and it's clear Bork wasn't writing about small ones), is a key concept in understanding why capitalism qua corporatism is so often attacked and so seldom defended.

The rise of corporatism meant the end of a recognizable person or persons who owned the productive resources. Public ownership (i.e., stock issuance) is contrary to private ownership (the essence of capitalism) in more than just semantics. Corporatism meant an end to the vast re-

(Continued on p. 48.)

brickbats

☐ **"Could Carter sink lower?"** was far and away the most popular inquiry in the nation's capital as the summer drew on. The answer, of course, was always, "I don't see how," but by the end of July the ingenious chief executive had shown them. Even prior to the command performances of his Camp David soul-searching week-long intensive (conducted by public-image therapist Gerald Rafshoon) and his No-More-Mr.-Nice-Guy solo in the Energy Crisis II national television production, Jimmy's job-performance ratings set a record as the most miniscule "ever recorded by any president in modern political history." This becomes all the more remarkable when you remember that we've really had some dogs.

☐ **Just by way of requiem,** the president's grandiose energy message was noteworthy on a couple of grounds. First, it was curious that he failed to mention that, if any of his previous energy message ("the moral equivalent of war") had lived up to one promise in ten, there could be no 1979 energy "crisis." Second, the administration's major contribution to the energy debate seems to have been endorsed for the countless time: that it feels its mission is to convince the American public that an energy "crisis" actually exists. That the administration experts have so diligently imposed price controls and federal allocations to "improve" market processes indicates that they, at least, truly believe that it is necessary not only for the government to point out the crisis but to make damn well and sure it *does* exist, too. Third, the New Jimmy was even more ridiculous, throwing his limbs about and hurling stern glances yon and hither, than the Old Jimmy, shoving his insurance salesman-smile everywhere the cameras moved and making everyone think that his teeth have a glandular problem. The whole act this time out appeared to be Jimmy Carter's impression of Richard M. Nixon; impersonating ol' Tricky brings up an entirely new line of questions, however. And fourth, and most important, observers who claimed to have stayed awake and semialert for the entire talk show report that the commander-in-chief made no less than six appeals for God's help. That just might tip us off as to the success that even the program's author has envisioned for it.

☐ **Elsewhere, the world** was far more normal. In China, for example, the old socialist ways have reasserted themselves in forceful fashion, as demonstrated by the increasingly frequent brawls involving natives and visiting African students. In a recent clash, a gang of Chinese scholars flew revolutionary banners condemning "Black Devils," as they held the foreign students without food or water for three days. The African students, who "fear for their lives," have been moved to a hotel 30 miles outside of Peking for their own protection. The battle started when the black students were accused of playing their radios too loudly.

☐ **A warning** has been issued to female health activists: Dr. Allan G. Charles of Michael Reese Medical Center states unequivocally, "Women are not built for jogging." The reason for this is that "the female bony pelvis is much wider than the man's. Further, the muscular and connective tissue supports of the female pelvis are often weakened by childbirth, and therefore the uterus is not well enough supported to withstand the repeated impact (in jogging) caused by heels striking ground." Dr. Charles did not, however, find any health problems for females with such other activities as cooking, sewing, diapering, making babies, and disco-roller skating.

☐ **Always privy** to the latest technological breakthroughs in science, the Coast Guard has deep-sixed its radar and captured some high-intelligence pigeons to man a new search technique. The purpose is to spot floating objects in water, a helpful ability when going out to rescue a drunken yachtsman lost at sea. After being given a special training course, the pigeons outperform humans. Says a Coast Guard pilot: "The pigeons are easy to train and are too stupid to get bored." Of course, if pigeons become too expensive, we could always sign up a few Congresspersons.

☐ **Speaking of** that fabled institution (*lots* of fables are told in Congress), the Honorable Charles Diggs (D-Mich.) has altruistically offered to pay back the $40,031.66 he stole from the federal treasury. This offer of uncharacteristic honesty was accompanied by a pledge not ever to do it again. If he did do it again, he would presumably once more give it back and make another pledge. Diggs was only recently arguing that this whole incident had arisen just because he was black; apparently it has become obvious even to Mr. Diggs that not all black people steal. Diggs's act of state that led to the troubles involved taking kick-backs from several of his aides, whose salaries would be raised by the statesman for just this purpose. A mortician from Detroit, Diggs can now claim complete competence over the profitable administration of both of life's inevitabilities: death and taxes.

☐ **Bo Weaver,** one of this nation's brightest young people and a disc jockey, locked himself into the sound studio at WTTM in Trenton, New Jersey, so that he could play, without commercial interruption, the lively tune "Cheaper Crude or No More Food" for 10 consecutive hours. The inspiration is thought to have touched off rioting in nearby Levittown, Pennsylvania. And, in a less sophisticated spirit of protest, 23 people with the gift of memory tossed one symbolic stone apiece across Colorado Highway 6-24. The festivities were designed to make "Country Boy" singer and 4-H Club hero John Denver blush. Denver, who in 1975 tossed similarly shaped stones across Glenwood Canyon to protest the building of a proposed four-lane highway, has just sunk a 4,000-gallon gas storage tank in his backyard and put three more 2,000-gallon tanks on order. The protestors thought it was hypocritical to "sing about the virtues of environmentalism while hoarding gasoline." Doubting John Denver's sincerity, however, will surely prove a losing game. Better to invest some time thinking up more romantic reasons for his wanting to keep other people from coming in, while making very certain that he can get out.

☐ **If you haven't checked** your portfolio lately, you may be richer than you think. The United Nations has just approved a draft treaty that promises that the moon's riches will be equally shared by all mankind.

☐ **And in a display** of the rigors of Washington life and the subtleties of great leadership, President Carter called upon Sen. Mark Hatfield to begin a Camp David energy pow-wow with a group prayer. Facing the president, the Oregon orator cleverly began with "Almighty Father." But the ever-alert Sen. J. Bennett Johnson from Louisiana, unaware that the speaker was delivering a prayer, turned to those at his table and reflected, "That's taking leadership seriously."

—Thomas Winslow Hazlett

trends

Anticompetition Barriers Dropping

The last few months have seen a continuation of the trend toward removal of barriers to competition among professionals —and in response, the offering of new services. The action is hottest in the legal field.

Now that advertising and low-overhead "legal clinics" are permitted, a host of new law services is springing up. The pioneer legal clinic, California's Jacoby & Meyers, expanded to New York City last January, opening 11 offices there. In both states; J&M uses television ads to attract clients with the promise of low-cost, efficient service. Despite criticisms from traditionalists about "assembly-line" service, a study by the University of Miami's Law and Economics Center found that clients of J&M are more satisfied than clients of traditional law firms. And J&M's fees *are* much less—$325 for an uncontested divorce in Manhattan, compared with around $1,200 at conventional law firms.

The newest type of legal clinic is the "Law Store," founded by two other California attorneys. After operating four shops of their own, they have concluded an agreement with Montgomery Ward to set up Law Store booths in Ward's department stores. The first two opened in June in San Diego, and more are planned for Los Angeles. The customer in the booth is connected by phone to a central Law Store office. Sears, Roebuck is reportedly planning a similar service.

Offering professional services in department stores is not that new an idea. Sears already has dental clinics in eight of its California stores, Montgomery Ward has three so far, and Unishops, Inc., has two in Cleveland. The shops' business will undoubtedly be helped by a recent agreement between the American Dental Association and the Federal Trade Commission. The consent order ends a 1977 FTC suit against the ADA on the issue of the latter's code-of-ethics restrictions on advertising. Under the agreement, dental associations must remove provisions that prohibit advertising or solicitation of patients by their members and must insert a positive statement that such advertising "shall not be considered unethical or improper."

That competitive spirit has yet to extend to the false-teeth business, however. In all but one state, the political clout of dental associations has made it illegal for denturists (technicians who make and fit false teeth) to deal directly with patients. The lone exception is Oregon, where last November a senior citizens' group helped to enact a referendum legalizing denturism. The new law goes into effect in mid-1980. The FTC's western regional office in San Francisco is considering a proposal to override restrictive state laws and legalize denturism everywhere.

Deregulation of the professions has come to accountants and professional engineers, as well. This spring the membership of the American Institute of Certified Public Accountants voted overwhelmingly to remove two provisions from their code of ethics that had restricted members from making direct approaches to prospective clients. Despite pressure from the Justice Department to make the change, the Institute's governing council had recommended against it. But the membership saw the competitive handwriting on the wall. (This was the last barrier to competition, the Institute's advertising ban having been repealed last year.)

In Ohio, that state's professional engineering and consulting societies have agreed to a settlement in a civil action brought by the state's attorney general charging restraint of trade. Under terms of the agreement, the societies are to drop from their codes of ethics all restrictions against competitive bidding and advertising. The result should be new opportunities for competition and potentially lower prices for the services in question.

Gold Comes Back

"Gold has crept back on the world monetary stage." So states the opening sentence of a special *Financial Times* (London) article published in June. The recent surge of gold buying, pushing the price through the $300 level, represents only the tip of the iceberg of a new role for gold, once more the major component of the world monetary system.

To begin with, US gold stockpile sales to help finance the government's current-account deficit have helped create new markets for the metal. Continued dollar weakness has prompted a huge increase in Arab gold purchases—much of it by central banks (though not that of Saudi Arabia). Thus, although no Arab government is yet directly demanding gold for oil, many of them cash in their dollars for gold after keeping them on deposit only briefly.

Second, more and more central banks are revaluing their gold holdings to current market prices instead of the absurd "official" price of $42 per ounce. As a result, gold reserves of the major industrial countries now approach $350 billion, compared with around $288 billion in foreign exchange (currency) reserves. Thus, gold is once again the world's major reserve asset.

Finally, the new European Monetary System has given gold a key role in its pool of monetary reserves. That, and the revaluation to market prices, gives central bankers an incentive to keep gold's price from falling.

As *Business Week* points out, the whole process "has virtually dashed any hope the US Treasury may have had of achieving its long-cherished goal of 'demonetizing' gold." Not even the elevation of gold-phobe Paul Volcker to the position of Federal Reserve chairman will alter gold's comeback as an alternative to depreciating paper.

More Municipal Contracting

Readers of these pages have seen many examples in which city and county governments have achieved impressive savings for their taxpayers by contracting out services to the private sector. Getting efficient private firms to compete for the business generally leads to less-costly ways of fighting fires, trimming trees, collecting garbage, etc. California, in particular, seems to be taking the lead in expanding the use of contracting, spurred on by pressure from Proposition 13.

Even San Francisco, the costliest and most "big-government" city in the state, has begun turning to contracting. And it began in a sensible place—its budget office. In its initial report on contracting's potential, the privately run budget office projected a mere $500,000 in savings—from contracting such services as golf course maintenance, jail and hospital meals, some data-processing services, certain hospital inpatient services, and janitorial services. But the city's General Hospital is already saving $900,000 a year

by contracting for janitorial and nursing services, so the total potential savings are obviously much higher.

Contracting is even becoming an election issue. In San Diego, two city council candidates are making private contracting a big part of their campaigns. Fran Condon has urged that building permit processing be contracted out. But candidate Joe Diaz would go much further. At a July news conference, he proposed that *every* function of city government be considered for private contracting—even the police department. If Pinkerton's or another private firm were interested and could save the city money, why shouldn't they be given a chance to do so, asked Diaz? He also announced that he had invited 10 top management firms to submit bids to run "any or all city programs."

Miami Tax Revolt

Antitax activists in south Florida may have started a bigger tax revolt than they realized. Last spring Albert Sarmiento and Harry Wilson began circulating petitions designed to cut Dade County (Miami area) property taxes in half, to $4 per $1,000 of assessed valuation. After gathering 15,000 signatures—5,000 more than required—and winning a court battle over getting onto the ballot, proponents and county officials made a startling discovery: there was an error in the petition's wording. Instead of cutting the tax rate to $4 per $1,000, it would cut it to $.004 per $1,000. At that rate, the total property tax take would be only $91,000 —compared with $173 million now.

Wilson and his cohorts were perturbed, but glib county officials refused to change the wording. "I really think we have a pretty intelligent electorate," says Commissioner Bill Oliver. "Once this is explained, I'm sure they'll make a wise decision." But since property tax revenues only account for about 16 percent of the $1.1 billion county budget, eliminating them altogether would hardly be crippling. Dade County voters thus have the chance to pull off their own version of Proposition 13, turning a rather mild reformist proposal into a fairly radical one. Watch for the results on September 18.

Bigness Is Not Badness

Two recent antitrust cases resulted in victory for innovative firms that give customers new products at low prices—even though each had the misfortune of being the dominant firm in its industry. The victors were IBM and Kodak; the losers were disgruntled competitors who tried to obtain by force of law what they could not win in the marketplace.

The suit against IBM was brought by California Computer Products. In 1973 Calcomp had charged that IBM's new products, pricing, and leasing policies prevented Calcomp from effectively competing. In 1977 a district court dismissed the suit, saying IBM had a perfect right to cut prices and redesign its products without telling Calcomp in advance (so that it could redesign its "plug compatible replacements" accordingly). And late in June a federal appeals court upheld the lower court's ruling.

A similar issue was at stake in Berkey Photo's suit against Kodak. Berkey charged that Kodak had abused its dominant position in the market by introducing the Instamatic camera in 1972, without giving Berkey and others the design so they could make compatible products. Nonsense, ruled chief judge Irving R. Kaufman. "The mere possession of monopoly power does not *ipso facto* condemn a market participant." In fact, "the first firm, even a monopolist, to design a new camera format has a right to the lead time that follows from its success."

Bold Call for Freedom

Amidst all the discussion of inflation, price hikes, and fuel shortages, virtually

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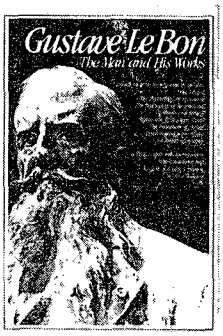

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nobody in the public eye has come out for the most obvious solution of all—clearing away the whole bureaucratic mess and returning to the free market. An important exception, however, is C. Jackson Grayson, Jr., chairman of the Price Commission during Nixon's wage-price controls and now chairman of the American Productivity Center in Houston.

In a full-page column in *Business Week* (July 16), Grayson excoriated the current wage-price guidelines and their vain attempt to second-guess the market. Based on his own experience as a price controller, and the Heritage Foundation study *Forty Centuries of Wage and Price Controls*, he concludes: "Not only do the guidelines violate the basic economic laws of supply and demand, they also violate the basic political laws of consensus, power, and equity." That said, he urges complete decontrol of energy prices, abolition of all wage and price controls or guidelines, scrapping the Council on Wage and Price Stability, and a return to the free market.

Taking these "politically impossible" steps, he argues, would lead to an "American miracle" on a par with the West German "economic miracle"—after controls were removed all at once in 1948 (see "The German Non-Miracle," REASON, Apr. 1978).

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Postal Service—Give and Take

Fighting to preserve its existence and its monopoly, the US Postal Service has given ground in one area—"urgent" letters—but moved to expand in another—electronic mail.

Conceding that the Private Express Statutes should not be used to prohibit services the USPS cannot provide, the agency has proposed new rules permitting private firms to deliver "extremely urgent" letters. Mail would qualify if it met either of two tests: (1) the mailer is willing to pay twice the normal first-class rate or $3, whichever is greater; or (2) the mail's value would expire unless delivered within a very tight time frame (e.g., daily bulletins of new listings to real estate agents).

But what the USPS gives with one hand, it takes back with the other. The other hand has been lobbying furiously to get a foothold in electronic mail, rather than leaving this new form of communication to the private sector. Certain large mail users (including Reader's Digest Co.) have been joining in the chorus, fearful that if private electronic mail drains off business from the postal service, rates for the remaining users will have to be raised. What the USPS has been after is a commitment from the Carter administration ensuring them a piece of the action.

In July they got just that—albeit hedged with certain restrictions. The White House policy statement would limit USPS activity to "Generation II" electronic mail, in which hand delivery of the message still takes place. (Generation I refers to existing telegram service, Generation II to electronic data transfer between post offices followed by hand delivery, and Generation III to full-fledged two-way electronic data transfer between users.) Generation III would be reserved for the private sector, and the Private Express Statutes would *not* be extended to Generation II, thereby permitting public-private competition. Moreover, the policy statement would forbid subsidization of USPS Generation II services from either tax funds or other mail revenues. Private firms are nonetheless skeptical, fearing that once the camel's nose gets into the tent . . . .

Meantime, the Postal Service is attracting attention to its experimental transatlantic INTELPOST service—a prototype Generation II system between Great Britain and the United States. INTELPOST is a joint effort between USPS and the British Post Office. The latter, though a government operation, operates in the black because of profits from its monopoly telecommunications services, which cover its postal losses. In the wake of a strike earlier this year, many Britons are calling for (1) spinning off the profitable telecommunications operations, and (2) repealing the Private Express Statutes. The government's new industry secretary, Sir Keith Joseph, recently called for a feasibility study of allowing private operators to deliver mail. It would be ironic, indeed, if transatlantic electronic mail ended up being provided by a private (or privatized) British entity interfacing with an American government bureaucracy.

Underground Economy Worries Feds

Earlier this year the Internal Revenue Service admitted the existence of a $100 billion a year "underground economy" in this country—the exchange of goods and services outside the notice of government and therefore beyond the reach of tax collectors (see Trends, May 1979). Now the General Accounting Office has confirmed that $100 billion figure, estimating that as many as 20 million people are involved. GAO's Allen Voss told a congressional committee that about $40 billion of the total represents earnings of those who filed no returns, with $50 billion coming from underreporting.

One aspect of the underground economy is barter. Today's computer systems facilitate the exchange of commodities. Several large-scale computerized barter brokers, such as Salt Lake City's Exchange Enterprises, are in operation in the West. While there is nothing illegal about barter, and no inherent mechanism for tax avoidance, the absence of cash transactions seems to facilitate nonpayment of taxes.

Another alleged component of the underground economy is independent contractors. These are people who receive no salary but work for others as independent business people—independent truckers, most cabdrivers, real estate and insurance sales people, carpenters, loggers, etc. The IRS is convinced that many of these people underreport their incomes. And it (consequently?) is arguing that many of them are really employees and therefore should be having taxes withheld from what they are paid. As a result, it is trying to push through Congress a law requiring those hiring independent contractors to withhold 10 percent of what they pay them and turn it over to the government.

In response, industry associations (in-

surance, real estate, trucking, logging, pulp and paper, etc.) are seeking passage of an alternative measure that would clearly define who qualifies as an independent contractor. The Gephardt bill defines five criteria that such a person would have to meet:

- He sets his own hours of work.
- He has his own place of business.
- Income fluctuates based on work performed.
- He has a written contract.
- Information returns are filed by the company hiring him.

The IRS strongly opposes the bill, fearing that it would lead to even more people qualifying as independent contractors, thus expanding the underground economy still more.

Bus Deregulation Arrives

At least for the summer, interstate bus transportation is operating in a nearly free market. On July 12 the Interstate Commerce Commission voted 4-2 to deregulate such bus service immediately, through September 25. As a result, bus operators may provide service to any city or town they want and along any route they wish to travel, without ICC approval. The only restrictions are (1) that the fares be based on the companies' existing rate structure, and (2) that no current routes be abandoned.

The deregulation came in response to a petition by Trailways, citing gasoline shortages and the resulting shift of demand from cars to mass transit. On July 16 Greyhound and seven other bus firms filed suit to block the ICC's action, but at press time, the US district court involved had taken no action.

Although the deregulation, officially, is only temporary, many suspect that it may become permanent. Among those who think so is ICC commissioner George Stafford, who voted against it because he suspects that will be the case—and in that case, wanted more time for public input. So it may be that buses have now joined airlines and air freight among those industries returned to the free market.

Energy Controls under Attack

Despite President Carter's choice of more government programs as the solution to our energy woes, more and more experts are concluding that controls are the problem, not the solution.

The General Accounting Office, for example, reviewed four alternative mechanisms for reducing oil imports: price decontrol, import quotas (which Carter wants), import fees, and a crude oil equalization tax. The study weighed the energy and economic effects of each policy and concluded that decontrol is the best. "Overall, GAO believes that deregulation holds about the right combination of benefits vs. costs for the nation," the report concluded. "Deregulation is the most effective of the three pricing options aimed at cutting oil imports, reducing them between 20 and 100 percent more than crude oil equalization taxes and import fees."

In a similar vein, the *Wall Street Journal* reports that many government economists are concluding that Energy Department regulations are creating rather than resolving shortages. "Without the Energy Department, we would have gasoline," it quotes one such high-level economist. He points out that the United States is virtually alone in having gasoline lines—even though most European nations are more heavily dependent on oil imports. Economists consider DOE allocation policies the principal cause of gasoline shortages. Even though most oil companies have about as much crude as last year, the regulations force them to deliver less to their regular customers, diverting the rest to specially favored segments of the market. And they prevent companies from shifting supplies quickly to relieve spot shortages. Moreover, DOE pricing rules encourage importation of light crude—produced by "pricing hawks" like Libya and Nigeria—rather than cheaper heavy crudes. In short, says former Council of Economic Advisors memer Paul MacAvoy, "The regulations create a major emergency out of a small one."

Capitalism Creeping into Communism

Across the communist world, from Eastern Europe to China, the communist principle "from each according to his ability, to each according to his need," is being turned on its head. Out of new respect for the reality of self-interest and the value of incentives, officials in the socialist states are encouraging free-market activities.

The most recent developments have occurred in China. There, both private farm plots and village marketplaces are making a strong comeback. Both were abolished in 1958 during the Great Leap Forward; to save millions from the resulting starvation, Mao began allowing their return in the early '60s. But the Cultural Revolution in 1966 once again suppressed them. It is only today, with Mao dead and

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his more open-minded successors in power, that the markets and private plots are flourishing. The New China News Agency reported this spring that 20 major cities now sport regular weekly "free markets," as do 30,000 spots in the countryside. Prices in these markets are uncontrolled by the State.

Chinese tax policies encourage productivity. Economist Jude Wanniski has pointed out that communal farms are taxed only on the basis of area; thus, higher production is not discouraged by higher taxation. And the output of private plots is not taxed at all. Individual commune members in many areas are now paid on the basis of their individual output, rather than all being paid equally. Little wonder, then, that Chinese agriculture is booming.

Bulgarian officials have recently drawn the same conclusions about agricultural incentives. Its new economic system will tie farm worker's salaries to their individual output. All agricultural organizations will be taxed on land area only and allowed to keep all profits. Moreover, they are now permitted to market their products abroad without going through the Foreign Trade Ministry and to keep their hard-currency earnings for their own use.

Hungary is probably the furthest advanced toward the market of any Eastern bloc nation. The government is introducing incentive pay in State-owned enterprises, encouraging the growth of private shops and businesses, and turning a blind eye to a huge underground economy that plays an increasing role in providing services.

The first of these initiatives amounts to a revival of the once-discredited New Economic Mechanism introduced in 1968, which abandoned strict central planning and gave significant autonomy to local managers of State firms. But because of worker resentment of incentive pay and ideological attacks from communist intellectuals, NEM was dropped in 1973. It is now making a strong comeback, as Hungary seeks to compete in the export market with efficient industries. Next January government subsidies on most products will start being phased out and the tax system reformed to provide more incentives for productivity. Incentive pay is back, and even layoffs of unproductive workers are being encouraged.

The official private sector is being encouraged, too, by means of favorable tax treatment, easy credit, and priority for supplies and office space. On the farm, all workers are allowed private plots and permitted to keep any profits earned from sale of its products. The 13 percent private land produces one-third of Hungary's produce and half its beef.

But the real growth is occurring in the "second economy." A Hungarian sociologist estimates that two out of every three workers supplement their income by private employment—at up to eight times government pay scales. Nearly all repair service work—TV, automobile, plumbing, appliances—is done by the underground economy because State services are slow and incompetent. People earn so much in the (untaxed) underground economy that Hungary's consumer-goods sector is booming. Since, as a result, the people are increasingly content, the Communist hierarchy seems to view the whole phenomenon benignly and may actually be encouraging it as a means of defusing any political opposition.

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By Jacob Burckhardt

Jacob Burckhardt, the nineteenth-century Swiss historian and humanist, was a friend of liberty and a skeptic of power. He foresaw the coming of collectivism, and Nietzsche found in Burckhardt an historian who "was not dominated by the general whims and dared to see things realistically." First translated into English in 1943, *Reflections on History* was previously published in the United States under the title *Force and Freedom*. With an introduction by Gottfried Dietze. "No one predicted the modern totalitarian state more accurately"–Reinhold Niebuhr in *The Nation*. "A guided tour through the history of civilization"–*Saturday Review of Literature*. Hardcover $9.00, Softcover $4.00.

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Milestones

• *Working for Gold?* A New York labor union has taken a stand against depreciating paper money. The 46,000-member Professional Employees Federation, representing professional, technical, and scientific employees of New York State, has demanded that its members be remunerated in "mediums of exchange other than the presently used US Federal Reserve dollar. Such alternate mediums of exchange include, but are not limited to, gold, silver, platinum, bullion and coin, and/or one or more foreign currencies."

The proposal—essentially to index the wage rate to a nondollar, hard-money alternative—originated as an employee suggestion from one of the members but has now been made an official bargaining position.

° *Tax Cutting Hits New York.* Tax-cut momentum has extended to high-tax New York State. Gov. Hugh Carey has signed a bill reducing the maximum personal income tax rate from 12 percent to 10 percent over a two-year period. The measure was promoted as a way of improving the state's economic climate by making it a more attractive place to live.

° *Fishing Expeditions Vetoed.* Search warrants cannot be open-ended. So voted the US Supreme Court, in overturning the conviction of a New York adult bookstore operator. The search warrant in the case —which had been issued by the town justice—gave police authority to search for and seize anything that might violate New York's obscenity law. In its unanimous decision, the court ruled that it is unconstitutional to issue such warrants that allow police to go on fishing expeditions. "This search warrant and what followed the entry...are reminiscent of the general warrant or writ of assistance of the 18th century, against which the Fourth Amendment was intended to protect," wrote Chief Justice Warren Burger.

• *Taxi Deregulation.* San Diego has joined a small but growing number of cities that have deregulated their taxicab industries. Last year, when the former Yellow Cab monopoly went bankrupt, the City Council began allowing independent cabs to operate. In May of this year, the council more than doubled—from 6 to 15 —the number of additional cab licenses that can be issued each month. And in July it raised the maximum permitted fares above market levels in order to stimulate competition—the ceiling rate went from $.70 to $1.50 per mile. "Obviously, no taxi driver is going to charge that kind of rate," said Councilman Tom Gade. "The theory is that a high rate will allow competitive fares between taxi companies."

• *Repeal Interest Tax.* "Americans are saving the smallest percentage of their income of any of the major industrialized nations. And who can blame them? Not only do we have inflation...but the government has the gall to tax, at heavy rates, the small returns that savers receive." So saying, Rep. Ron Paul introduced a bill to exempt from federal income tax all interest income received by individuals—from banks, S&Ls, credit unions, CDs, bonds, or Treasury notes.

• *Utilities Not Loan Companies.* The California Public Utilities Commission had no business ordering utilities to make loans to consumers (at eight percent!) to pay for home insulation systems. So ruled the state's supreme court in a 6-1 decision. While the commission may recommend such programs, it has no authority to mandate them, the court decision said.

• *House Defends Schools.* By a 297-63 vote, the House of Representatives has voted to deny funds to the Internal Revenue Service for implementing regulations aimed at reviewing the tax-exempt status of private schools and revoking it in cases of alleged racial imbalance. Although several bills dealing with the IRS regulations themselves are pending, supporters of private schools decided quick action was necessary to block the IRS from putting the regs into effect before Congress has a chance to act on them.

• *Gun-Control Effects.* What effects have the tougher Massachusetts gun-control laws had on violent crime? According to a study by Northeastern University, while assaults with guns did decline by 15 percent since the new laws were adopted in 1975, assaults with *other* deadly weapons increased by 24 percent in the same period. Next maybe they're going to ban hammers and baseball bats?

—Robert Poole, Jr.

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Many people don't realize it but the interest on your mortgage loan will often cost more than your house! For instance, if you buy a $75,000 house with a long-term $60,000 mortgage at 10%, the interest on the loan will come to $129,600—a staggering 72% more than the house itself.

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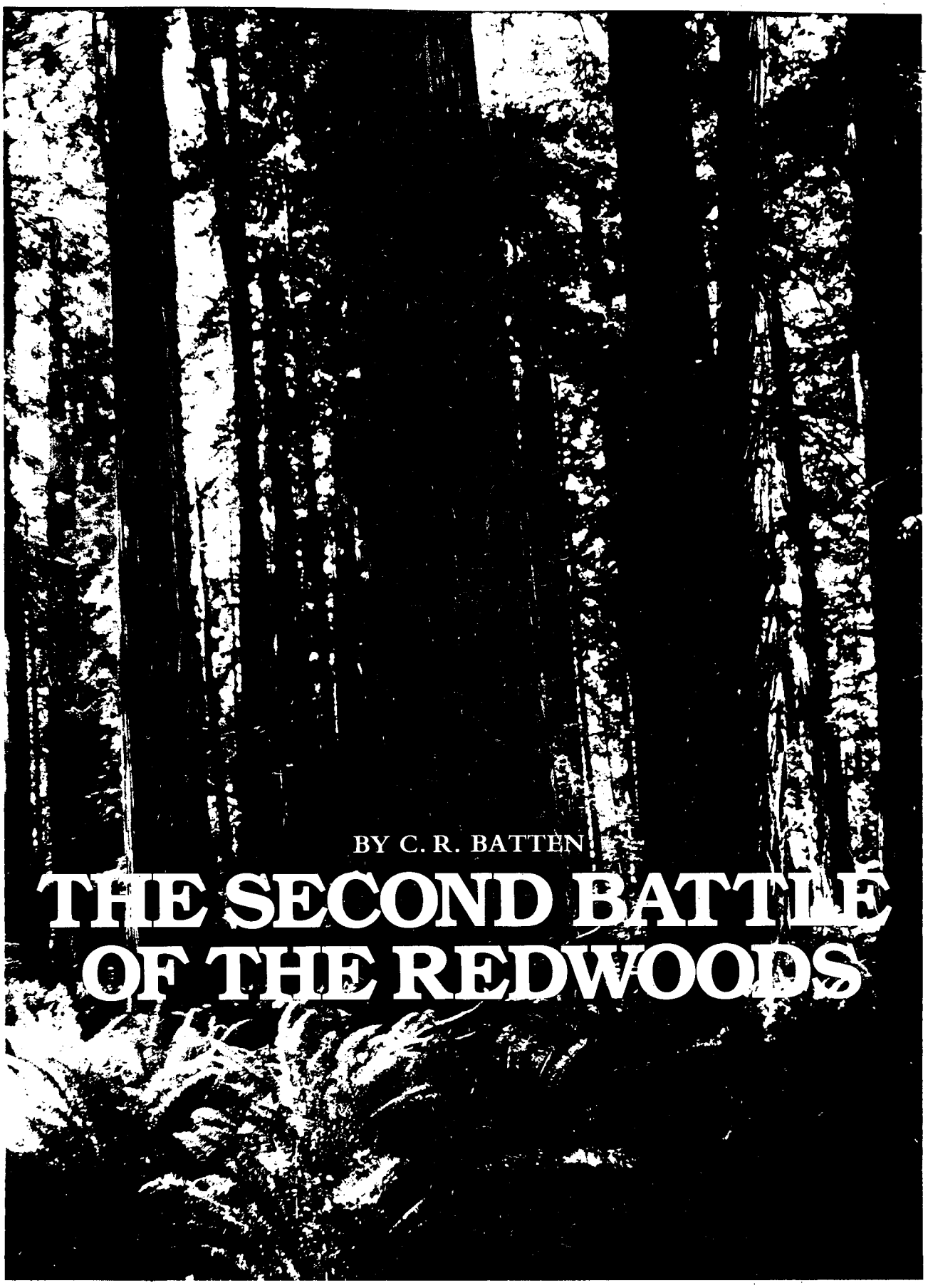


BY C. R. BATTEN

THE SECOND BATTLE OF THE REDWOODS

Conservationists urged expansion of Redwood National Park in order to protect the Tall Trees Grove. But the tall trees were a minor issue in a clash over public versus private ownership of natural resources.

POLITICAL COMPROMISERS believed that they had settled years of controversy when, on October 2, 1968, President Lyndon B. Johnson signed the bill that created Redwood National Park in northern California. Yet that act assured that there would be many more years of intense conflict over the redwoods, conflict that would set precedents as yet unheard of in the United States for the violation of the rights of its citizens to property in land and natural resources.

For the first time in our history, "legislative taking" was used to acquire privately owned lands for public use. The moment the president signed the act creating Redwood National Park, 28,100 acres of land belonging to 120 owners were transferred to federal ownership. As drawn, the park boundaries included another 30,000 acres of California's state parks to be donated by California (they never have been).

Congress had been asked to consider more than 40 separate park bills, representing six different proposals. The end result was an unmanageable white elephant that satisfied no one.

THE SHAPE OF THE BATTLE

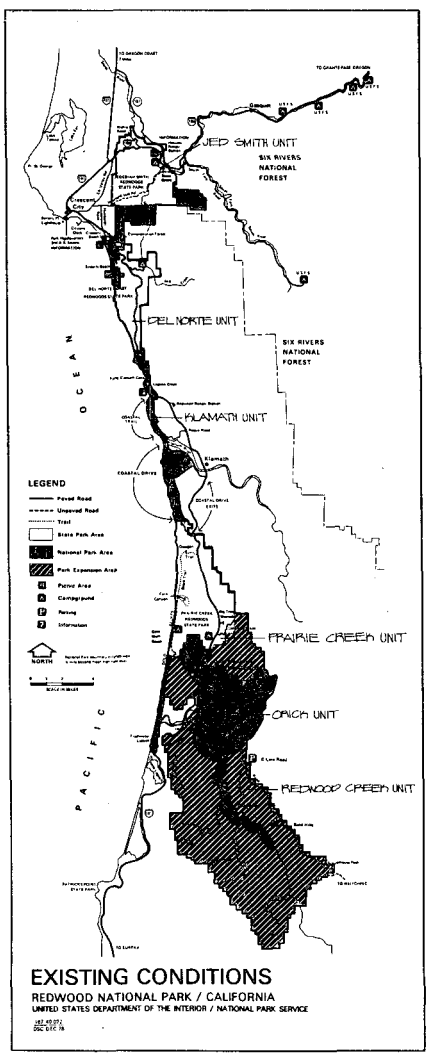
Even before the bill creating the 58,000-acre park was signed, the Save-the-Redwoods League had announced that it would push for the acquisition of an additional 35,500 acres in Del Norte County. Within a year, the Sierra Club asked the secretary of the Interior to stop the harvesting of valuable redwood timber on 12,000 acres in Humboldt County, 40 miles to the south.

The original Redwood National Park stretched for 46 miles along the north coast of California in Del Norte and Humboldt counties. It consisted primarily of a narrow corridor, 7 miles at its widest point, connecting three of California's state parks. The largest block of nearly 12,000 acres was at the south end, looking on a map very much like a polliwog, with a long tail extending further southward along Redwood Creek.

The unwieldy shape of the park guaranteed that there would be demands to enlarge it. The polliwog's tail was soon dubbed "the Worm." That unfortunate appendage included the Tall Trees Grove, where the tallest known tree in the world stands. Anyone who wished to see it had to hike eight and a half miles up an old logging road from a parking lot at the lower end of Bald Hills Road, by Arcata Redwood Company's sawmill.

The Worm was only a half mile wide, split down the middle by Redwood Creek. Visitors expected a wilderness experience and were disturbed by the sounds of chain saws, tractors, and trucks from the slope above them and by the occasional sight of a freshly cutover area.

So it was no surprise when Associated Press reported in late 1970 that the Sierra Club and other organizations were "mounting a major new redwoods offensive to add more trees and watershed land to the park." To achieve their goal, the park expansionists had to convince a large segment of the people and a majority of Congress that destructive timber-harvesting methods on privately owned lands outside the park threatened to destroy the Tall Trees Grove. Though ostensibly aimed at the three large timber companies that owned land adjacent to the Worm, the expansionists' shotgun blasts hit every forest landowner in the state—some 35,000 to 50,000 of them.



EXISTING CONDITIONS
REDWOOD NATIONAL PARK / CALIFORNIA
UNITED STATES DEPARTMENT OF THE INTERIOR / NATIONAL PARK SERVICE

UNSIGHTLY LOGGING

The expansionists' opportunity came when the timber companies ended their five-year voluntary moratorium on timber harvesting adjacent to the Worm. They had worked out agreements with the National Park Service on how the trees would be logged.

The Park Service insisted that the logs be pulled out of the woods with cables, instead of large crawler tractors, as was the most common practice. Cable logging disturbs less soil than tractor logging, but it requires clearcutting—removing all the trees on blocks ranging in size from 15 to 40 or more acres. Foresters agree that clearcutting is a legitimate and necessary timber-harvesting system. While they maintain that it does no violence to and often is needed for the long-term survival of forests, they admit that few of man's activities are more unsightly.

When hikers visiting the Tall Trees Grove and sightseers driving up Bald Hills Road on the ridge along the east side of Redwood Creek Basin began to see clearcut patches growing to the very edge of the Worm, they reacted with horror at what they viewed as destructive logging methods. The character of the Redwood Creek Basin itself seemed to support their view that timber harvesting causes erosion that was filling in the streambed and threatening to destroy the Tall Trees Grove.

Redwood Creek, in common with other California coastal areas, carries very heavy loads of sediment. The adjacent slopes are steep. There are many large earthflows and slumps and evidence of many others that stabilized hundreds or even thousands of years ago. Relatively minor changes can trigger additional movement of the slide areas, and those changes were provided by logging, the park expansionists believed. Citing a study by Dr. Richard Janda of the US

Geological Survey (USGS) which showed that changes in the hydrology of the watershed had caused about a 20 percent increase in runoff, they blamed this too on timber harvesting.

The expansionists feared a network of destructive factors. Increased runoff led to higher floodwaters, causing erosion of stream banks and reactivating old slides. Logging roads across susceptible areas triggered additional slides and contributed, by erosion of the roads, to the sediment in the streams. Deposits raised the level of the streambed, making it less able to carry its load of water within its banks. And the higher flood levels and accelerated erosion of the stream banks threatened to destroy the Tall Trees Grove. Therefore, the expansionists argued, the park must be enlarged and the logging around the Worm stopped immediately if the Tall Trees were to be saved.

"Not guilty," cried the timber companies: Harvesting practices have changed in the last few years. Timber-harvesting plans are worked out with the Park Service in order to avoid damage to the park's resources. Besides, the new Forest Practice Act and Forest Practice Rules are strictly enforced, and they don't allow us to do all those bad things.

NATURAL FORCES

The timber companies retained Winzler and Kelly Consulting Engineers and turned them loose, with no strings attached, to determine the origins of the heavy sediments in Redwood Creek. Using complex electron-microscope and x-ray analysis techniques, Winzler and Kelly concluded that today's sediments have the same origin as those deposited hundreds of years ago near the mouth of Redwood Creek. They came mainly from the erosion of the streambed and from adjacent slide materials and were not caused by logging. They were being created by the same natural forces that created the flat on which the Tall Trees stand, said Winzler and Kelly.

"The Forest Practice Act can be renamed 'The Land Grab Act of 1973,'" argued an independent logger.

So the park expansionists had their USGS study and the timber companies their consulting firm's study. Henry A. Froelich, a forest hydrologist from Oregon State University, told the Board of Forestry that he had reviewed the data presented by both the Geological Survey and Winzler and Kelly. He was pleased to see that the data were similar but was surprised at the difference in conclusions.

Both studies, said Froelich, showed that the water quality of Redwood Creek and its tributaries is good, that the insect populations of the streams are good, and that fish taken from the streams are healthy. He believed that the data did not support the conclusion that logging was contributing significant amounts of sediment to the park.

Even the secretary of California's Resources Agency, Claire Dedrick, after walking across the lower edge of a clear-cut patch at the Worm boundary, declared that she saw no damage to resources inside the park. Conservation Department director Lew Moran acknowledged that "a complete halt to logging in all of Redwood Creek Basin, or near the Park, does nothing to slow the erosional processes that are already underway.... There can be no question that potential damage caused by the existing bedload to areas adjacent to the Creek is presently a fact *even*," he emphasized, "*if no additional logging were to be allowed in the Basin.*"

And after three years of controversy, a two-day field trip to the Redwood Creek Basin, and several days of hearings, the Board of Forestry declined to declare a moratorium or to impose special regulations on timber-harvesting operations in the basin, because no one had presented evidence that the forest-practice regulations then in effect did not adequately protect the park.

ENTANGLED STATE LAWS

For those who found problems at Redwood Creek, the next move was to launch an assault against California's system of regulating forest practice. The subsequent extension of state power to the control of timber management on private lands hinged on the interpretation of two laws that seemed to overlap in authority yet had different procedures and applications.

The Z'berg-Nejedly Forest Practice Act of 1973, which became law on January 1, 1974, created a new nine-member Board of Forestry in California. Five members are selected from the general public, three from the timber industry, and one from the range livestock industry. The board was made responsible for the adoption of regulations governing forest-management practices in order to meet the goals of the act.

Before any timber owner could begin harvesting timber, he had to submit to the state forester a Timber Harvesting Plan (THP) prepared by a registered professional forester. The state forester was required by the act to "review the plan to determine if it is in conformance with the rules and regulations of the board and the provisions of this chapter."

Strict time limits were imposed, usually 15 days (depending on certain conditions), for the state forester to review the plan. If, within the specified time period, the plan was not returned to the person who submitted it as "not in conformance with the rules," the timber operations could begin. As the law was written, no "permit" from the state appeared to be necessary.

Some interpreted the law differently. They believed that the state forester, the Board of Forestry, and the Forest Practice Act are all subject to the California Environmental Quality Act (CEQA). That act is similar to the federal Environmental Policy Act and requires that any action undertaken by state or local governmental agencies that may significantly affect the environment be preceded by an Environmental Impact Report (EIR). And the courts have held that the issuance of a permit is an action that may significantly affect the environment. So, whether or not Environmental Impact Reports are required for Timber-Harvesting Plans hinged on the question: Does the state forester issue a permit when he reviews a THP?

THE BATTLE HEATS UP

Soon after the Forest Practice Act became law, the state attorney general's office concluded, in an informal letter of opinion, that THPs are subject to the California Environmental Quality Act and that EIRs are therefore required. The attorney general reasoned that a Timber Harvesting Plan is a "project" that is approved or disapproved at the discretion of the state forester. A "project" involves "the issuance to a person of a lease, permit, license, certificate or other entitlement for use." When the state forester determines that a THP is in conformance with the rules of the Board of Forestry, he essentially issues a permit to harvest timber, concluded the attorney general.

Joseph P. DeLu, staff attorney for the Department of Conservation, denied that timber harvesting falls into any of those categories. The state forester, DeLu insisted as he quoted the Forest Practice Act, does not issue permits or "approve" THPs. He only reviews the plans to determine whether they are "in conformance with the rules and regulations of the board and the provisions of this chapter."

The Reagan administration agreed. Environmental Impact Reports would not be required.

Armed with the attorney general's letter of opinion, the Natural Resources Defense Council (NRDC) amended its com-

plaint then pending in Humboldt County Superior Court. The original suit had asked the court to declare timber harvesting in the Redwood Creek Basin to be a public nuisance.

Now the NRDC named Lew Moran, then state forester, as added defendant and respondent and asked for an injunction against timber harvesting in the Redwood Creek Basin until EIRs were prepared and reviewed. Judge Arthur B. Broaddus denied the NRDC motion for an injunction and set a trial for December 9, 1974.

Less than three weeks before the trial in the NRDC case, a formal opinion signed by Deputy Attorney General Nicholas C. Yost confirmed the informal opinion that timber-harvesting programs are subject to the California Environmental Quality Act. This action was protested by many as a direct attempt to influence the court's decision and a direct violation of the stated "policy of the Attorney General to refrain from rendering an opinion in a case, or upon a matter, which is currently being tried in the courts in the state."

It was apparent that the taxpayers of California were paying for legal research and advice provided to the Sierra Club and the NRDC by the attorney general's office. Reporter Jack Welter revealed in the *San Francisco Examiner* that Yost was a member of the Natural Resources Defense Council. When questioned by Welter, Yost responded that he saw no conflict of interest in his action.

THE FINAL OFFENSIVE

By January 1975 the park expansionists had maneuvered themselves into strategic positions and were ready to launch their final offensive. The new Forest Practice Act had been in effect one year, and the rules developed by the Board of Forestry had been in effect less than two months. All Timber Harvesting Plans processed during 1974 had expired on January 1.

Three lawsuits were pending: the Sierra Club versus the Department of the Interior, for its alleged failure to protect the park; the NRDC versus the state forester and the three timber companies operating in the Redwood Creek Basin, for failing to comply with the California Environmental Quality Act; and a nuisance suit by the attorney general against the three companies.

In early January, Edmund G. Brown, Jr., became the governor of California. One of his first appointments was Mrs. Claire Dedrick, first vice-president of the Sierra Club, as secretary of the Resources Agency, which included the Department of Conservation and its Division of Forestry (later upgraded to a full department). Larry Moss, conservation director of the Sierra Club, was named Dedrick's chief deputy.

C. R. Batten

In mid-January, Judge Broaddus, in Humboldt County Superior Court, released his preliminary ruling on the NRDC suit: timber operations "clearly come within the requirements of the Environmental Quality Act." The full ruling came on February 19, when Broaddus issued a summary judgment that the state forester must comply with CEQA and ordered him to void all THPs in the Redwood Creek Basin and to require future plans to comply with CEQA.

Broaddus also provided that "appeal of this judgment shall operate as a stay." The timber company defendants filed notice of appeal two days later.

State Forester Lew Moran did not appeal. The new administration had reversed the position of the Reagan administration. The state forester would comply with CEQA.

Only 31 Timber Harvesting Plans had been cleared by the state forester's office between January 1 and February 19; 250 more had been submitted, and 2,500 were expected during the year. But there were no regulations for either the writing or the processing of Environmental Impact Reports on THPs on private lands.

All action on pending THPs came to a sudden halt. It soon became obvious to all concerned—even to the Sierra Club's erstwhile vice-president, Mrs. Dedrick—that the Forest Practice Act and the California Environmental Quality Act were incompatible and that environmental reports on timber harvests could not work.

DELAYING TACTICS

On January 29 the Resources Agency issued emergency regulations to govern procedures for handling Timber Harvesting Plans, Environmental Impact Reports, and negative declarations (the latter to be used where a plan would have no significant impact on the environment). The regulations provided for an "environmental addendum" (which industry spokesmen called a "mini-EIR") to be added to the THPs. The time limit built into the Forest Practice Act was evaded simply by providing that THPs would not be deemed filed until all required environmental documentation had been submitted.

On February 3 an estimated 1,300 mostly unemployed loggers in plaid shirts and hardhats traveled to Sacramento to see the governor, bringing with them hundreds of petitions asking him to observe the court-ordered stay and to order a moratorium on the filing of EIRs for timber-harvesting operations. Governor Brown, conveniently, was in Los Angeles.

Two weeks later, Brown issued an emergency executive order directing Secretary Dedrick to set up a process that would be the "functional equivalent" of an EIR. He directed the Department of Fish and Game, the Department of Parks and Recreation, the State Water Resources Control Board, and the Regional Water Quality Control Boards to assist in reviewing the Timber Harvesting Plans.

The following day, Mrs. Dedrick issued

a second set of emergency regulations amending the administrative procedures for handling EIRs to allow for the functional equivalent process. On March 3 Lew Moran, who had become director of the Conservation Department, issued a third set of emergency regulations to implement the process.

Every hearing was used as a public relations event to convince the public of the imminent destruction of the Tall Trees.

Still, Timber Harvesting Plans stacked up. Many were returned for completion of the environmental addendum or other environmental information. The Department of Fish and Game and the Water Quality Board staffs—with their own environmental goals in mind—refused to agree that the plans adequately protected the environment.

Eventually, in mid-March, orders came down to give control to the state forester's staff and to get the plans out. In three days and nights, several hundred were processed, many without the environmental addendum (in violation of the emergency regulations).

In the midst of all this controversy, on March 19, *Congressman Phillip Burton of San Francisco introduced a bill to add 74,000 acres to Redwood National Park.* The state legislature and the Board of Forestry began to look into the proposal.

BACK AND FORTH

In late May Mrs. Dedrick appeared to reverse her position when she told the Board of Forestry: "It is the policy of the administration to ask total exemption of the Forest Practice Act from the California Environmental Quality Act. We believe that the Forest Practice Act has within itself sufficient safeguards to protect the environment."

"However," Mrs. Dedrick continued, "to meet those goals, the administration requires additional revisions in rules and the timber harvesting procedures." The additional rules included provision for "public input" before the state forester would "approve" or "deny" a THP and the discretion of the state forester to "adjust" forest practices within stream and lake protection zones, to protect special archeological and ecological areas, and to provide for road construction, routing, and maintenance to prevent "substantive damage" to resources.

In June Mrs. Dedrick visited the Redwood Creek operations. After her tour she declared at a news conference that it was not fair to require Environmental Impact Reports only in Redwood Creek and not in other areas. "If it is true the industry will not operate properly without CEQA there, it is true for the rest of the streams and creeks," she said.

She also said that she saw no reason to oppose a moratorium on the applications of CEQA requirements to timber-harvesting operations. Mrs. Dedrick soon began to lose favor among the members of the Sierra Club and its sympathizers.

In a two-day meeting at the end of June, the Board of Forestry, for the second time in 18 months after the Forest Practice Act became law, adopted revised and more restrictive forest-practice rules. But on June 30 the governor signed a bill that clearly exempted the Forest Practice Act from CEQA provisions for six months. As an emergency bill, it became effective immediately.

Industrial foresters breathed a sigh of relief—but it was a short one. Instead of dropping the functional equivalent process, as expected, Conservation Department director Lew Moran issued emergency regulations (for the fourth time during the first six months of the Brown administration) that, with some minor changes, continued the system already in effect.

LAND GRAB ACT

The legislature's more permanent solution was to write the functional equivalent process into law. At its last meeting of 1975 the Board of Forestry voted to amend its regulations in order to qualify its regulatory programs under that law.

Effective for two years, beginning January 1, 1976, it provided that state regulatory programs that have the protection of the environment as their primary purpose and meet certain additional criteria may be certified by the secretary of the Resources Agency and then be exempted from the filing of EIRs. One of the requirements was that if a Timber Harvest Plan (even if it met the rules of the board) did not adequately protect the environment in the view of the state forester, he could require additional protection measures or deny approval of the plan.

Spokesmen for the timber industry and forest landowners objected to the proposed changes in the rules to qualify for exemption under the new law. They contended that the rules, if adopted, would limit their ability to make important decisions concerning their own land and would give the state the power to dictate how each timber operation would be conducted, what equipment could be used, or even to prohibit an operation altogether. They objected to giving so much authority to the state forester, and to the Resources secretary, who could disapprove the entire program. "If you adopt these regulations, the Forest Practice Act can be renamed 'The Z'berg-Nejedly Land Grab Act of 1973,' " argued Dennis Elliott, an independent logger and forest landowner from Grass Valley.

The board adopted the proposed rules, and in early January (1976) the Resources secretary certified the rules and regulations of the Board of Forestry as meeting the criteria for exemption from Environmental Impact Reports. The state now has the authority to prohibit timber harvesting on any private land in the state or to dictate how the trees will be harvested. Mrs. Dedrick and Governor Brown issued a joint statement in which they hailed the end of a bitter dispute—an over-optimistic statement, at best.

ENTER THE BIG GUNS

Pressures continued to mount. *The Carter administration announced its recommendation for a 48,000-acre expansion of Redwood National Park,* and Congressman Burton agreed to amend his bill from 74,000 acres to 48,000 acres. Burton and the late Congressman Leo Ryan held field hearings in San Francisco and Eureka. Then the main offensive moved to Washington. The park expansionists' home forces continued their holding action in California to stop all timber harvesting in the Redwood Creek Basin.

About the same time, the state forester denied approval of two THPs because they applied to land "within the area under consideration for park expansion" —a reason for denial that, forest landowners noted, was not in the Forest Practice Act or the board's rules. By this time, a typical 18- to 20-acre THP in the Redwood Creek Basin was subjected to 8 to 10 days of on-site inspections by three separate state and federal teams, over a four-month period, before it was submitted to the state forester. All the inspection teams had recommended approval of the two plans. But Lew Moran, now director of the newly created Department of Forestry, withheld approval. The plans were taken to the Board of Forestry for review.

The board was no longer a holdover from the Reagan administration. That board had included Phil Berry, attorney and past president of the Sierra Club, and still a member of both. Now, the board was practically an arm of the Sierra Club.

At the height of the Redwood battle, recalls William D. Walsh, senior vice-president of Arcata National Corp., Governor Brown asked three people from his company to visit him. "He demanded that we declare a moratorium on harvesting operations in the Redwood Creek drainage," Walsh says. "When we protested

this invasion of our property rights, the Governor cynically remarked that private property rights were rapidly eroding. In any case he explained that if we did not accede to his demand, he possessed the power to achieve his end through appointments to the Board of Forestry."

As vacancies developed, two more Sierra Club activists and a Sierra Club sympathizer were appointed, giving the preservationists more votes on the board than the timber industry had. Moreover, one of the industry members was forest resources manager for one of the three companies that owned lands adjacent to the Worm. Under California's conflict-of-interest law (as interpreted by the deputy attorney general who advised the board), he could not vote on matters concerning Redwood Creek. The Sierra Club members felt no such compunction and so had a clear majority.

The board asked the attorney general whether it had authority to deny Timber Harvesting Plans "solely on the grounds that the timber to be harvested is within an area which could be acquired by the federal government for national park purposes" if pending legislation were enacted.

The answer appeared to be no. Attorney General Evelle J. Younger wrote: "The Board of Forestry may not deny a harvesting permit that otherwise complies with all provisions of the Act solely on the ground that there is pending legislation in Congress in preliminary stages of consideration that might result in eventual acquisition of the areas covered by the permit for national park purposes."

In spite of the attorney general's opinion, the two Sierra Club member attorneys on the board decided that the board could legally deny the plans solely because they were within the proposed park expansion area. One simply decided that the attorney general was wrong. The other maintained that, correctly interpreted, the attorney general's opinion said that the board could take the action.

The board denied approval of the plans.

THE TRUE FIGHT

A little more than a year after she took office, Mrs. Dedrick made a revealing speech before the Mount Shasta Chapter of the Society of American Foresters. Among her comments: "Since I have been in office, I've tried to see all of the areas that the state regulates on the ground, and the surprising thing about that... is that that's the whole 100 million acres of California. I think that it is an important thing for us all to recognize that this land, which stretches from the Pacific to the Atlantic, from Mexico to Canada, belongs to all the people of the United States—not just to the people who are living now,... but also to the future."

Few of the foresters who heard Mrs. Dedrick that evening realized that she was actually stating the basic issue beneath the conflict over the expansion of Redwood National Park and the regulation of privately owned forest lands. Few of the participants in the conflict realized that it was a struggle over who should own the land and the natural resources of this country. It was only one skirmish in what economist and historian Murray Rothbard calls "the great conflict which is eternally waged between Liberty and Power." It was a struggle between those who believe resources should be owned and their use allocated by the public and those who believe that resources should be allocated by private ownership and the marketplace.

SEIZURE OF PROPERTY

Seldom has the controversy over the redwoods and the regulation of private forest lands been brought down to that basic level, largely because it was not understood by those who were defending their properties and their practices. Because the basic issue was not recognized, the forest landowners received little help from their potential allies in defending their property.

The true issue was again revealed when Arcata Redwood Company began logging under an approved Timber Harvesting Plan that covered 35 acres in the Skunk Cabbage Creek drainage—a tributary of Prairie Creek, which flows into Redwood Creek about nine miles downstream from the Tall Trees. With $1 million donated by the Save-the-Redwoods League, the Department of the Interior, relying on eminent domain, seized the 35-acre tract, under authority in the act of 1968 that created the original park.

That seizure clearly demonstrated that the protection of the Tall Trees Grove was only a smokescreen designed to hide the real issue. The tract was 10 or 12 miles *downstream* from the Tall Trees, and logging it could not possibly affect the grove or the flow of Redwood Creek through the park.

Even then, the basic issue was not brought out and discussed in public. The claims of excessive erosion and other problems caused by logging were simply the means by which the owners and managers of the land could be discredited in order to create a climate of public concern and a sense of urgency, so that the takeover of their property would be possible—both the physical taking of an expanded park and the taking by regulation of the use of private resources.

The environmental movement began with a serious concern over problems of the environment, and many persons within it still share that concern. But the environmental movement has been captured by authoritarians who saw it as an opportunity to extend the power of government over all segments of the economy and therefore over all human activities.

The debates over the Forest Practice Act, the California Enviromental Quality Act, and Redwood National Park provided one opportunity the authoritarians needed in order to move closer to their ultimate goal. Every legislative, Board of Forestry, and court hearing was used as a public relations event to convince the general public of the imminent destruction of the Tall Trees, but the actual goal was to achieve greater public control of natural resources. Because of the nature of "news" and of the political decisionmaking process, the owners of California's forest lands and the residents of two sparsely populated counties held little hope of stopping the juggernaut in its drive to take over the forest resources of the state and the redwoods.

FAIT ACCOMPLI

The bill to expand the park was signed by President Carter on March 28, 1978. At that moment, 48,000 acres of the most productive timber-growing land in the world became the property of the federal government.

The former owners (not just three, but 25 of them) can seek redress in federal district court if they believe they are not offered enough to compensate them fairly for their lands. The cost to the taxpayer of the lands and timber taken will not be known for years. The economic costs—in jobs and trade on the north coast of California and in the lumber market areas—will never be known. Some bills for the taxpayer are starting to come in: in 1978 Congress enacted the Redwoods Employment Protection Program to aid California loggers forced out of work by the park expansion; the *Socioeconomic Newsletter* reports that they can get up to $36,000 a year—tax-free—and that there is competition to get laid off.

The park expansionists have their enlarged park. Mrs. Dedrick has her goal of public control over the forest lands of California, where private ownership can no longer be said to exist. ◧

C. R. Batten is a freelance writer and photographer, as well as a forester and consultant. He lives in Sacramento, California.

POPULISM FOR POWER

by Michael McMenamin and Earle Turner

Cleveland Plain Dealer

Cleveland's Dennis Kucinich is supposed to be a "new urban populist"—but he's really after power to Kucinich, not "power to the people."

One of Dennis Kucinich's first official acts after taking office in December 1977 as Cleveland's youngest mayor was to direct a crew of workmen east along Cleveland's Shoreway, which parallels Lake Erie, to the run-down main generating facility of the city's municipally owned electric light plant, known to all as Muny Light. Kucinich had the workmen erect overnight a new sign on the facility in full view of all the commuters who daily travel the Shoreway on their way to work in downtown Cleveland. POWER TO THE PEOPLE the sign blared in bold black letters on a white background with an ominous black streak of lightning below. The legend underneath was only slightly smaller: Muny Light—Dennis J. Kucinich, Mayor.

The sign was pure Dennis. A self-styled populist, Kucinich had defeated the former mayor, Republican Ralph Perk, in a nonpartisan primary by attacking, among other things, Perk's decision to sell the deficit-ridden Muny Light. Perk must have experienced a sense of déjà vu in that election—six years earlier, he had used the same issue to defeat Cleveland School Board President Arnold Pinckney, a black, by screaming that the "millionaires" and the blacks were conspiring to sell Muny Light.

KINGFISH, II

Even if it was self-applied, Kucinich came by his "populist" tag honestly. "You want it? You got it," was his standard response to voter requests during the campaign. Among his many campaign promises: a 25 percent reduction in Muny Light bills for the elderly; "free" downtown transit; neighborhood prosecutor offices; a return to 25-cent hot dogs at Cleveland's convention center. The hot dogs do now cost 25 cents; but no one is riding the buses downtown for free, the elderly still pay the full rate on their electricity, and there are fewer prosecutors now than when Kucinich took office. Even the 25-cent hot dogs have a catch: the vendor no longer pays a commission to the city for each sale.

Economics was never a major strength for Kucinich, who has undergraduate and graduate degrees in communication. Since his election, he has been heard to offer the opinion that the nation's major economic problems are a maldistribution of wealth and the growth of monopoly capital. He believes inflation can be controlled by limiting the profits that businesses derive from higher prices.

One of Kucinich's chief political heroes is Huey Long. Last September before the National Press Club in Washington he gave a speech, "The New Urban Populism," that would have made the Kingfish proud:

Our city government in Cleveland, Ohio, has a mission. It is dedicated to championing the economic rights of poor and working people.... We reject the cynical and destructive philosophy which challenges citizens to lower their expectations of government while government lowers its performance. We believe that government can and must do more....

It soon became obvious to certain members of Cleveland's big business elite that our city administration was an obstacle to the proper functioning of the sacrosanct "system." In siding with the poor and working people on economic issues we found ourselves locked in mortal combat with every mighty institution in Cleveland....

Conventional wisdom would have you believe that no one can win and hold elective office without the permission of the business establishment, without the help of the political parties, and in the face of unrelenting opposition from the media.

The new urban populism is proving them wrong. Here's how: We're uniting poor and working people, both black and white, on economic issues. We're improving the working man's ability to retain the income he has by vigorously resisting government's continuous tendency to increase taxes. We have not nor will we increase taxes [*sic*]. We're making sure that big business pays a fair share of the taxes without tax concessions. When big business pays its fair share, government is better able to collect the revenues necessary to maintain services....

Our urban populism advocates are using the authority of local government to protect and further the economic well-being of the poor and working people in our society. Economic democracy is a pre-condition of political democracy. The defense of the economic rights of the weak is an essential part of renewing the great spirit of our nation. We must firmly establish a political agenda which is based on economic justice for each and every individual and which survives the programmed inertia of the conflicting and polarized society.

The left was delighted. It had a new hero.

LEFTIST HERO

Here was a genuine working-class ethnic with a Croatian-Irish heritage sufficient to make him a card-carrying member of Richard Nixon's majority. Yet he was talking about economic issues in colorful language that hadn't been seriously uttered since the '30s—"maldistribution of wealth" and the "growth of monopoly capital." He had even given a speech in March 1978 before the California Democratic Council in which he attacked "the barons of big business."

The left quickly moved to anoint Kucinich. His troubles of the recent past—an unprecedented recall election after less than a year in office, followed by the first *official* default of a major city (we all know New York was really the first; they just found a different word) since the depression—were forgotten. The *New York Times* ran a story on its Sunday Op-Ed page that talked of "an impoverished city with a populist mayor" and a "major clash" with "a wealthy, conservative corporate class." The *Village Voice* held him up as a new folk hero—a David doing battle with the corporate Goliath.

Kucinich was talking about economic issues in colorful language that hadn't been seriously uttered since the '30s.

The *Nation*, however, was beside itself. "Something akin to class warfare" has broken out in Cleveland, the aging left-wing journal announced with barely concealed excitement—with visions of "the great populist struggles of the early 20th century." Writing as if Cleveland's Euclid Avenue and its East Side still housed a "Millionaires' Row" where the likes of John D. Rockefeller, Sr., and Mark Hanna used to reside, the *Nation* informed its readers that Kucinich has been "deadly serious about shifting resources [in Cleveland] from the affluent to the middle class and poor."

It was the occasion for scorning those comfortable middle-class liberals who "have been vainly awaiting a rebirth of the...socially oriented movements of the sixties." In Cleveland, the *Nation* said proudly, "something quite different" has occurred: it is nothing less than "a new movement of activists, in their 20's and early 30's with a solid base in their working-class neighborhoods where they were raised," who have taken power in Cleveland on "a program of economic justice and democracy." It "may well be the forerunner of a new urban electoral populism, focused on working-class issues, which could sweep the country in the decade to come."

It just goes to show: the ones at home are the last to know. Many people in Cleveland had always thought that Dennis Kucinich was a vicious little demagogue who would walk over his own grandmother if she stood in the way of his climb to higher office—that his personal arrest and detention of a seven-year-old boy for trespassing (the child was retrieving a ball from inside the fence of a city swimming pool) to dramatize his crusade against youth vandalism was evidence of this; that all of his young, inexperienced supporters were spread throughout his administration, Nixon-fashion, to serve, because of their unquestioned loyalty, as his resident spies; that his appointments of a 19-year-old woman as assistant safety director and an ex-alcoholic social worker with no law enforcement experience as police chief were extensions of this policy; that the abrasive "us or them" mentality at City Hall was a symptom of both their immaturity and their leader's paranoia; and that the wild speeches Dennis was giving around the country were simply an extension of the publicity-seeking tactics he had long employed at home. If Clevelanders had only known they were witnessing the birth of a new movement destined to sweep the country in the '80s, they might have treated the little guy with more respect.

UGLY POLITICS

Those who are looking to get in on the ground floor of the country's next sweeping movement, however, should be a mite more cautious, once they look more closely at the ugly and divisive brand of politics to which Dennis Kucinich and his followers have been subjecting Cleveland. Kucinich's populism is not really a fight for the average Cleveland *resident* against corporate interests. It is more like a fight on behalf of the average Kucinich *supporter* with the rest of Cleveland as the ultimate loser.

Muny Light, the *Nation* tells us, "has become the symbol" of Kucinich's new urban populism. Some symbol. Muny Light is a mere *distributor* of electric power. It no longer generates any power of its own, largely because Kucinich and the previous two city administrations spent Muny's capital replacement fund for general city operating expenses. It is $20 million in debt and hasn't shown a profit in 10 years. The power it distributes comes almost exclusively on a wholesale basis from the Cleveland Electric Illuminating Company (CEI), an "investor-owned" public utility that serves the greater Cleveland region.

The service areas of these two utilities overlap, and Muny Light is actually able to deliver electric power to its customers for a few pennies less than CEI, mostly because Muny Light doesn't have to pay the city any taxes. According to Kucinichian economics, this spectacle of a city government buying wholesale electric power from an officially sanctioned and state-regulated monopoly like CEI and then,

after a markup, passing it on to its citizens constitutes "competition."

CEI has unfortunately added to this illusion. Rather than treating Muny Light as what it is—just another large power customer like the huge steel plants in Cleveland's industrial valley—CEI reacted as if Muny Light *was* a competitor. CEI apparently knows as little about competition as does Kucinich. According to findings of the US Atomic Safety and Licensing Board of the Nuclear Regulatory Commission, CEI refused to sell power to Muny Light at the same rate charged to large industrial users, required it to agree to rate-fixing as a condition of selling it power, required it to buy more power than it needed, and arranged for the transfer of emergency power in a way that caused blackouts for Muny Light. All of these allegations are presently being litigated before a federal judge in Cleveland as part of a massive antitrust suit against CEI by the city.

"CORPORATE THIEVES"

This gave Kucinich the ammunition he needed to explain his way out of Cleveland's default last December. Default was purely political, he cried; four of the five major banks were agreeable to refinancing the $15 million in short-term notes that were due, but Cleveland Trust (the largest bank) refused to go along unless the city sold Muny Light to CEI. Thereafter, Kucinich continued to rave against "white-collar criminals" who were trying to "steal" Muny Light for their own selfish profit.

Kucinich was lying. Cleveland Trust had imposed no such condition. The truth came out much later, however, after a Kucinich and Ralph Nader-inspired investigation of Cleveland Trust by the Federal Reserve Board. The Fed's investigators took statements from all participants, including a major Kucinich campaign contributor. The Fed determined, in essence, that Dennis had too vivid an imagination and that Cleveland Trust and other Cleveland banks had in the past been too lenient in extending credit to the city.

In July of this year, Kucinich took his lie to Washington, where he repeated it for the benefit of the House Banking Committee's Subcommittee on Financial Institutions. Fortunately for Kucinich, his statement was not made under oath. The subcommittee subsequently agreed with the Fed that Cleveland banks had been too lenient with the city.

At the time, however, Kucinich was repeating his lie as loudly and as frequently as he could find a television camera. He even arranged a truce with Cleveland's City Council long enough to agree to place two issues on the ballot in a special February election—a 50 percent increase in Cleveland's income tax and a referendum on whether the city should sell Muny Light. It was a trade-off. Kucinich desperately needed more money to pay the city's bills, and the City Council wanted to get rid of what they perceived to be a white elephant whose only value lay in its use by Kucinich as a political weapon.

City Council members largely campaigned for the tax and for the sale of Muny Light. Kucinich campaigned for the tax and against the sale. On Muny Light, Kucinich won and the City Council lost, aided in no small part by CEI itself. Demonstrating an awareness of politics comparable to its familiarity with competition, CEI announced significant rate increases immediately prior to the election, much to the consternation of the City Council and the business community, which was also supporting the sale of Muny Light. Kucinich loved it. See what those corporate thieves are capable of, he cried; imagine how they will act after they get their hands on Muny Light.

Elections are won and lost every year on smaller blunders than this. The people of Cleveland were convinced. The vast majority of them receive power from CEI, not Muny Light, and their electric bills were already high enough. They voted to keep Muny Light. Surprising as it may seem in this era of the tax revolt, however, there was no organized opposition to the tax in-

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crease, and it passed easily. On the other hand, as Kucinich constantly emphasized, over 70 percent of the increase would be borne by suburbanites who work, but can't vote, in Cleveland.

GOVERNMENT RIP-OFF

How do you explain the almost mystical attachment of Dennis Kucinich to Muny Light—the "soul of the city," as he calls it? The *Nation* has an ideological answer. Keeping Muny Light means that "the 'New Urban Populism' will have a concrete public alternative to the kind of noncompetitive private sector control exemplified by CEI." *Private*-sector control, however, is hardly an accurate description of CEI. It is, after all, a state-sanctioned monopoly licensed and regulated by the Public Utilities Commission of Ohio.

The answer lies in ideology no more than in economics. To find the solution to the riddle of the importance to Kucinich of Muny Light, we need look no further than old-fashioned political self-interest. Muny Light only serves 20 percent of the people in Cleveland. Yet that 20 percent is largely white, ethnic, and crucial to the political future of Dennis Kucinich. It is literally his political base.

Kucinich has run in two city-wide campaigns in less than a year: his original campaign for mayor in the fall of 1977, and his recall campaign in the summer of 1978. Three wards in Cleveland each had more than 5,000 Muny Light customers; Kucinich won all three. Ten wards had between 1,000 and 5,000 Muny Light customers; Kucinich won six of those ten. Eight wards had no Muny Light customers; Kucinich lost seven. Eleven wards had between 100 and 800 Muny Light customers; Kucinich lost eight of those wards. The pattern is unmistakable. White ethnic voters in the strong Muny Light wards supported Kucinich in both elections by a wide margin—62 percent in the recall alone, and he survived this election by less than 1 percent.

Underneath all that rhetoric, the New Urban Populism is really the same old story of government ripping off one group (those who buy expensive power from a CEI that gets no city tax relief) to subsidize another (those few who can buy cheaper power from a Muny Light that pays no city taxes). And it is no accident that many blacks are being ripped off to subsidize cheap electric power for Kucinich's white ethnic political base. It is an all-too-real symbol of the ugly underside of the Kucinich administration that the national press has ignored.

Ralph Nader is a recent example. Nader of late has been a desperate man. No longer does his name strike fear into the hearts of businessmen and bureaucrats; no longer are his calls promptly returned by suppliant politicians; no longer does he have direct access to the halls of the mighty. Nader did gain access to Cleveland's City Hall, however, where he found a willing, even eager, ally in Kucinich and an unlikely foe in one of the most prominent black politicians in Cleveland.

Kucinich's chief political enemy is a black lawyer, George Forbes, the president of the City Council—a shrewd, street-wise politician who was active in the civil rights movement in the South during the '60s. Well aware of the high unemployment rate among his constituents, particularly young blacks, Forbes has of late worked closely with business interests to encourage them to create more jobs in Cleveland.

As he moves onto a wider stage as the darling of the left, Kucinich is trying to obscure his racist image.

Forbes was also more politically vulnerable than he had been in the past. He, along with several other councilmen, had been indicted for allegedly funneling money from a street carnival operator to neighborhood organizations and churches. Forbes's supporters had charged that the indictments were politically and racially inspired. (Forbes stood trial in the summer. The prosecutor's case turned out to be so weak that all charges were dismissed after the state rested, thereby giving credence to the suspicions of Forbes's supporters that the indictment was the result of a political vendetta against Forbes by the county prosecutor and the Kucinich Police Department).

NADER'S TRUE COLORS

Nader had a dilemma. Like Kucinich, he hates corporations and banks. While he's never had any particular sympathy for civil rights or blacks in general, many of his supporters have. What to do? Would he risk alienating some of his supporters simply for the sake of headlines? He didn't think twice. Would he be able to avoid the racial confrontations that characterize Cleveland politics? He didn't even try. Forbes, Nader grandly announced, is an "Uncle Tom" for the "emperor" of Cleveland's banking establishment. Strong language. Did Nader know Forbes? No. Had he ever met him? No.

Forbes responded in measured tones, offering the calm opinion that he always thought Nader was an ass and none of Nader's recent pronouncements had changed his opinion. He also suggested that Nader come to Cleveland and repeat the racist slur to his face, perhaps in a debate. No way, responded the white knight of consumerism, repeating the slander: he won't debate an "Uncle Tom." A pity, because Forbes's substantive response to the Nader charges deserved wider circulation:

> You've got to understand from whence I've come.... I'm the guy who was known as militant, who used to wear dashikis,... in the days of nationalism, probably the most second hated black in the city of Cleveland behind Carl Stokes. I'm probably up to No. 1 now.
>
> The business community was literally afraid of me.... To be portrayed now as a spokesman for them, I accept it as a compliment [but] I'm not a spokesman for the business community.
>
> What has happened is I think I've grown, I've developed as a public official, as a politician, to decipher the problems of all men.
>
> I never, never want to be known as anything other than a black man. I generally tried to speak to those things that are essential to black people.
>
> But, I've learned that there are other people, another community....
>
> There's nothing wrong with profit for business as long as it means salaries for people.
>
> ...if you build a Sohio building you're going to have 15,000 employees and I have enough sense to know that if you get 15,000 employees, 5,000 are going to be black.

RACIST MENACE

Kucinich, when asked to repudiate Nader's racist slur, declined. "If the shoe fits," he said, "wear it." The comment was characteristic of Kucinich's racist brand of politics, a phenomenon yet to be discovered by the *Nation*, the *Village Voice*, or the *New York Times*. It was, however, merely the latest in a long series of race-oriented tactics utilized by Kucinich in his 10-year rise to power in Cleveland:

- His first campaign for City Council was marred by his supporters' charges that his incumbent opponent was a "nigger lover," charges Kucinich never repudiated.
- In one of his unsuccessful campaigns for Congress, Kucinich accused his opponent (well known for his position against busing to achieve integration) of supporting a Martin Luther King National Holiday.
- During his recall election Kucinich continually repeated the false charge that Council President Forbes would succeed him as mayor, playing on his white supporters' fears of a black mayor, all the while innocently denying that he was injecting race into the campaign.
- During the recall campaign, Kucinich

sent white voters material attacking Forbes, while black voters received material attacking the Cleveland police for being afraid to provide adequate protection.

• During the recall campaign, the father of Kucinich's law director, while addressing an antibusing rally, called NAACP lawyers "animals" and charged that "15-year-old whores" would be bused under court-ordered desegregation. Although asked about them, Kucinich never disavowed the inflammatory comments.

• Kucinich deliberately snubbed Gary, Indiana, mayor Richard Hatcher (the second black, after Cleveland's Carl Stokes, to be elected mayor of a major American city) when he spoke at an Urban League banquet in Cleveland. Kucinich had been invited but didn't even bother to send a representative. After being publicly criticized, Kucinich —several months later—apologized for the snub and claimed he had to attend a basketball game instead.

• During the recent special election on the income tax increase and the sale of Muny Light, Kucinich openly opposed a 44-unit public housing project in an all-white area because it "would destroy the social fabric of one of Cleveland's most stable neighborhoods... [and has] extreme opposition by neighborhood residents."

For Kucinich, the "social fabric" comment was a rare public slip, and he was uncomfortable with it. "Forget, forget this issue of race," he said, "because it is a phony issue." Kucinich doesn't use race gratuitously; he uses it politically and in a sophisticated fashion. His safety director is black, and Kucinich makes a point of visiting black churches on Sundays and quoting liberally from the Bible. But when he goes back to the white ethnic wards that form his political base and attacks George Forbes for trying to run the city, he doesn't have to tell them that Forbes is black—they already know.

As he moves onto a wider stage as the darling of the left, Kucinich is trying to obscure the racist image he presents to his supporters. One tactic is to deny the existence of a race problem in Cleveland. "I think Clevelanders are very mature when it comes to racial problems," says the mayor. The truth is, most Clevelanders are about as mature on race as the law director's father. It should be remembered that, virtually right up to the edge of default, Kucinich also insisted there was no fiscal crisis and the city was solvent.

Another Kucinich tactic is to claim that a "social issue" like civil rights is "irrelevant social ideology" that "evades our responsibility to face economic issues." The face of Kucinich's biggest economic issue, however—Muny Light—is unmistakably white.

IN PURSUIT OF POWER

A lot can be learned about a politician's career by studying how he reacts in a crisis. LBJ flunked his test over Vietnam; Nixon flunked on Watergate. Kucinich, not even two years in office, has had more than his share of crises. And even his strong supporters are disappointed with his responses.

Roldo Bartimole is a local free-lance radical journalist whose biweekly newsletter *Point of View* regularly attacks Cleveland's corporate, banking, and media establishments in terms evocative of Kucinich at his most vitriolic. He is understandably sympathetic to Kucinich. Yet even Bartimole has written of the "climate of fear and resentment" created by the Kucinich administration, the "unwholesome tone of City Hall," his "continual use of racism," and his "compulsion to authoritarian methods." In October 1977, shortly before Kucinich's election, Bartimole prophetically expressed the hope that if Kucinich won there would be "someone close to him to tell him that he can slow down his rapid flight to success and higher office; that it is possible to look within himself and find some good human qualities to accent rather than allowing ambition to dominate solely."

Cleveland has long since had an answer to Bartimole's wish: either there was no one close to Kucinich to tell him this, or worse, Kucinich did look within himself and couldn't find such qualities.

What is Kucinich after? What does he want? In a word, power. Forget the New Urban Populism. Forget Muny Light. *Power.* It is the only answer that consistently explains all of Kucinich's actions.

For a drama class assignment in college that required the adaptation of nondramatic material to the stage, Kucinich created a unique play entitled "Insanity." He adapted it from a book of short free-verse poetry by a psychiatrist, based on impressions of his patients. It took place in a mental institution. One verse chosen by Kucinich is particularly intriguing:

In my childhood my parents did all for me;
Ran to my crib at my merest cry
Admired my least word, comforted my least complaint.
Is it any wonder I thought I was the center of the universe,
And that the universe, of all people, all things existed only to serve me?
Now grown, I cannot stop thinking so. My demands have grown with me.
I am the center of the universe;
All things, all people, must serve only me.
I will not tolerate any disaffection....

If the *Nation* is correct and Kucinich does have a movement "which could sweep the country in the decade to come," people will do well to remember this verse. Kucinich is a young man with a long memory. He knows—and won't forget—which people out there have been telling all those Cleveland jokes. ◻

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Michael McMenamin is an attorney with a law firm in Cleveland. He is a frequent REASON *contributor, most recently in the July 1979 issue with an article on Robert Taft's foreign policy.*

Mardelle McNamara

Earle Turner is a Cleveland city councilman. He is a Democrat but is reportedly not looked upon with favor by Mayor Dennis Kucinich.

Coming Next Month:

The November issue goes investigative with revelations of how a major union is using taxpayers' money illegally — with government complicity. Also: Lawyer Don B. Kates directs liberals' attention to the clash between fragile civil liberties and gun control. Economist William P. Field aims new fire at Keynesianism. Sheldon Richman looks at the thorny problem of protecting ourselves against losses from nuclear accidents. And Wendy Grosscup reveals a little-known, political side of Oscar Wilde. Plus Murray Rothbard with a Viewpoint, Tim Condon with his Taxes column, and all of REASON's regular features.

THE GREAT MONEY HOODWINK, II

BY ERIC WAY

The further education of President Jimmy Gunn in the mysteries of money and banking.

JIMMY GUNN, 43rd President of the world's most powerful, still quite productive, totally bankrupt welfare state, sat staring out the office window, his fingers drumming impatiently on the large mahogany desk. When the intercom finally buzzed, the President glanced at his watch, saw that it was precisely 4:33, and grunted in exasperation. "That's typical Blandish. He's late enough to bug me, but not so late I can raise hell about it!"

"Yes?" he barked into the intercom.

"Dr. Blandish is here," said a voice that was half Mae West, half army drill sergeant.

"Okay, Gladys, send him in," said the President.

Dr. Clarence D. Blandish, chairman of the President's Council of Economic Advisers and holder of a variety of degrees in both micro- and macroeconomics, entered the Oval Office.

"Good afternoon, Blandish," said the President, leading him to an uncomfortable chair next to his desk. (The President hated to have his guests get too comfortable.)

"Good afternoon," said Blandish. "You seem to be looking well. A slight flush about the wattle perhaps. Probably just a mild attack of loyal-opposition hypertension."

The President suppressed a mild urge to karate-chop Blandish in *his* wattle. But instead he said: "Yes, well, thank you, Blandish. Actually, if I'd wanted a rundown on my medical symptoms I would have called in my physician, not my loyal little witch doctor of modern economics."

The President offered Blandish a cigar, which he refused, and lit one himself. Then the 43rd President of the United States settled down to one of his favorite fringe benefits—a little Oval Office conversation where all those present knew their place.

"I've called you in today, Blandish, because I've decided to do something about the energy crisis. Everybody's bellowing about it. Nobody's doing anything about it. I'm getting tired of it. In any event, it occurred to me that your knowledge of the Federal Reserve might be of some help."

"Thank you, Mr. President," said Blandish, "but what does the Federal Reserve have to do with it?"

"I'm glad you asked that. You remember you explained to me how the Fed was organized to make money more flexible so there would be more of it to go around. Now we need to make energy more flexible so there will be more of *it* to go around. So I had an idea. What I want you to do, Blandish, is just figure out some sort of national energy reserve like we already have a Federal Reserve for money. Then we can get this whole damn energy fiasco off our backs."

Blandish took a deep breath. Then, very meekly, he said, "I'm sorry, but I don't think it will work."

"Of course it will work!" snapped the President. "The Federal Reserve works, doesn't it? An energy reserve will work too. You just have to concentrate on the details a little."

Blandish shook his head. "If you will forgive me, Mr. President, it won't work because banks and energy companies have practically nothing in common. For one thing, you're forgetting about Banker's Syndrome."

"Forgetting about it? I never even heard of it. What in the hell is Banker's Syndrome?"

"It's an occupational disease that separates banks from other businesses," replied Blandish. "The best way to explain it is to go back to banking in the 1800s. In those years it was common practice for banks to make loans by issuing banknotes that were redeemable in gold or silver. The borrower would spend his notes, but the recipient often kept them to use as money rather than redeeming them at the bank. The problem arose when bankers began to realize that many of their notes weren't being redeemed but were staying in circulation as money."

"Why was that a problem?" asked the President.

"It's your classic case of Banker's Syndrome," said Blandish. "Banker's Syndrome—B.S., as we call it familiarly in the economics game—was the banker's terrible compulsion to keep on issuing banknotes long after he had run out of gold or silver to back them up."

"You're kidding," said the President. "Cheating is a syndrome we all have to overcome."

"But, unhappily, many bankers just couldn't overcome it," insisted Blandish. "They kept right on issuing banknotes. Pretty soon, other banks who were holding their notes would get nervous. There would be a run on the banks, and the whole thing would collapse like a house of cards."

"As well it might," said the President, "because it said right on the face of the banknotes, 'redeemable in gold or silver,' right? Otherwise people wouldn't accept them as money. So when little num-num issued more banknotes than he could back with gold or silver, he was committing a fraud and belonged in the slammer like any other con artist."

"Well, in any event, B.S. is one important way banks are different from other businesses," said Blandish. "And, incidentally, this also points out why eventually we had to come up with the Federal Reserve to try to iron out some of these problems."

"What did the Federal Reserve do about it?"

Blandish wished he'd kept his mouth shut. "To begin with, the national banks —the banks that held federal charters— were required by law to join the new Federal Reserve System. The system was divided geographically into twelve districts. Each district had its own Federal Reserve Bank—a sort of mother hen, bankers' bank to all the member banks in its district."

"Some mother hen," muttered the President.

"Anyway," continued Blandish, "each private bank that joined the system had to pay an entrance fee of six percent of its capital, half of which could remain on call. These fees grew into a large reserve from which private member banks could borrow, either to lend to customers or for emergencies. Many state-chartered banks voluntarily joined the Reserve just because of these borrowing privileges."

"But what about the banknotes?" asked the President.

"The power to issue banknotes was transferred from the private banks to the Federal Reserve Banks."

"That's good!" exclaimed the President. "Ol' Mama Hen got 'em coming and going. Since the private banks couldn't issue banknotes any more, people wouldn't get uptight about Banker's Syndrome. But if some dumbbell banker got in trouble anyway, old feather-bottom was there to help bail him out."

"That's all true," said Blandish. "But at the same time you should remember that even though private banknotes were no longer being issued, private member banks could still lend credit."

"What do you mean, 'credit'?" asked the President.

"The Congress gave the Federal Reserve System authority to set reserve requirements for member banks. These requirements determine how much credit a bank can lend."

"I still don't get what you mean by credit."

"Okay," said Blandish. "Suppose a customer wants to borrow $1,000. The bank just adds a deposit credit of $1,000 to the customer's account. There is no cash transaction. The bank just accepts the customer's promissory note and says: 'Okay, you can write a check for $1,000 and the bank will honor it.' "

"You make it sound like the bank is lending *something*, but it really isn't money. What is the bank lending?" asked the President.

"The bank is lending credit."

"In other words, it's sort of like the 'loaves and the fishes,' " said the President sarcastically.

"No, it isn't," said Blandish. "It just means that people are willing to give the bank credit for its standing in the community. People have faith that the bank will honor all of its commitments even though its reserves are only a fraction of its deposits."

"But that's ridiculous," countered the President. "It's the same old banknote rip-off all over again. If people begin to suspect that what the bank is lending isn't really money, they'll begin to get antsy, and the next thing you know there'll be a run on the bank."

"If there is a run on the bank, I assure you, the Fed will take care of it. Now if we can please get back to this energy business."

"Don't change the subject!" commanded the President. "The first time a bank lends one dime more of this credit stuff than it actually holds in reserves, it's doing exactly the same thing little num-num did when he issued more banknotes than he had gold or silver to back them up."

"Each district had its own Federal Reserve Bank— a sort of mother hen to all the member banks," explained Blandish.

"But now it's different," said Blandish. "Before, there was no Federal Reserve System to keep a bank from issuing too many banknotes. Now the Fed can keep the banks from issuing too much credit."

"But that's not the point," insisted the President. "As long as a banker is pretending to lend money he really doesn't have, he is committing a fraud and should be sent up the river like any other counterfeiter."

"Well, I don't know about..."

"Hold it!" interrupted the President. "This damn thing is even worse than I thought."

"What do you mean?" mumbled Blandish, profoundly sorry he had to ask.

"Let me see if I've got this straight now. Once before, you told me the Fed's Open Market Committee can purchase bonds with rubber checks to put more money into circulation, right?"

Blandish winced. "Please, Mr. President. We were talking about perfectly legitimate checks. The only difference was, instead of being drawn against actual cash, they were backed exclusively by the honor and integrity of the United States Government."

"As far as I'm concerned, if a check doesn't have any money behind it, it's a rubber check," said the President testily.

"Anyway," he continued, "let's suppose that the Fed, in its infinite wisdom, suddenly discovers that there are more people around who want to borrow money than the banks have this credit stuff to lend. So the Fed rushes right out and buys $100,000,000 worth of government bonds, paying the banks for them with these miserable little rubber check things that don't have any money behind them. What happens then?"

"Well," said Blandish, "to simplify it, if you assumed that the banks were required to maintain reserves of 20 percent, then the $100,000,000 would generate $500,000,000 of member bank credit."

"I knew it!" snorted the President. "Old super-bombastic feather-bottom has given birth to $100,000,000 out of thin air, which the moral heirs of the phony banknote peddlers will now parlay into $500,000,000 of this loaves-and-fishes credit stuff."

The President spat disgustedly in the general direction of a potted cactus. "Why, this funny chicken scam is even slicker than the banknote rip-off!"

"Okay, okay," said Blandish. "Just for the sake of argument, let's suppose you're right. What of it? The banks are happy. The borrowers—one of whom may be Uncle Sam—are happy, and the nation is $500,000,000 richer than it was before."

But the President wasn't listening. Suddenly he rose from his desk and started pacing back and forth. "We're not making any sense out of this with Blandish economics, so let's drag it by again in Jimmy Gunn politics," he said.

The President took a long thoughtful drag on his cigar. Then he continued: "Okay, Blandish. Let's start over again. What we are going to do now is try and put ourselves in the place of these little 19th-century banknote bandits to see if we can figure out what was going on in their heads. Then maybe we can take a wild guess at what might have taken place."

"All right," said Blandish, anticipating the worst.

"So now let's pretend that we're back in the era just before Ma Ma Leghorn came along. Some banks are making a bundle passing backless banknotes. But it's a hair-raising occupation, because sooner or later some little num-num with acute B.S. always comes along. The run on his bank triggers others, and the next thing you know there's a money panic."

Blandish shifted uncomfortably in his chair.

The President continued. "So a group of bankers who preferred counterfeiting to loan brokering call a big meeting. And the one item on the agenda is how to keep the banknote rip-off rolling without everybody getting dehorned in the process. Are you with me?"

"I'm with you," answered Blandish, wishing he wasn't.

"Okay," said the President. "So one guy gets up and suggests that they draw up an agreement that stipulates how many banknotes each bank can print. Then they will all take an oath to abide by the agreement."

"That wouldn't have worked," said Blandish, "because the government would have said it was an illegal monopoly. Besides, sooner or later, monopolies always fall apart when the greedier participants start cheating on the agreement."

"Well, scratch that," said the President. "So another guy stands up and says, since the Congress has the power 'to coin money and regulate the value thereof,' maybe a deal could be worked out by which the Congress could print the banknotes. Then, if people got edgy, they could take a run at the Congress instead of the banks."

"No, no," said Blandish. "The Congress would never have put up with that."

"Why not?"

"Because if the Congress started printing banknotes, it could never say it didn't have enough money for a program it didn't want. Constituents would just pressure it to print more banknotes."

The President was puffing furiously on his cigar. Suddenly he smacked his fist hard into his palm. "Now I know what happened," he said. "The little banknote buddies agreed to mount a campaign to convince Congress that it should establish a *separate agency* to regulate money. And one of its main functions, of course, would be to print banknotes. That would take both the private banks *and* the Congress off the hook."

"And," said Blandish, "if the bankers decided to do that, they could have argued that it was a good way to control B.S. Because if Congress set up an agency to supervise the commercial banks, then credit would be firmly anchored in the power and authority of the US government—not just dependent upon the honor and integrity of individual bankers."

"Okay," said the President.

"As for the operation of the new money agency," continued Blandish, "it would still have to be run by bankers because, B.S. aside, banking is a very sophisticated business, and only the initiated would know how to handle it."

"I'll bet!" said the President.

"As for the name," said Blandish, hurrying right along, " 'Federal Reserve System' is good because it doesn't sound like a central bank. Some people didn't like the idea of a central bank."

"Right *on!*" said the President. "Now all we have to do is figure out what the little banker bunglers could do to bamboozle the Congress into approving this titanic hoodwink."

"As you pointed out," said Blandish, "it would give the Congress a monetary scapegoat."

"Yes, I can see that. The bankers could make a case that if Congress ever decided to turn down a spending proposal—heaven forbid!—or there was a recession or a balance-of-payments problem—something like that—it would be nice to have someone else available to take the rap. It's a good thought, Blandish, but it's not *big* enough. Try and think of something *bigger.*"

Blandish was silent for a moment. Then he said, "Is half a trillion dollars big enough?"

"Wow, what made you think of a number like that?"

"How did the little banker bunglers bamboozle the Congress into approving this titanic hoodwink?" asked the President.

"That's roughly the size of the national debt," said Blandish. "Since we're only speculating, suppose that the larger banks had refused to lend money to the government except in dire emergency. Then Uncle Sam would have been forced to live on a lower-calorie, taxes-only diet and smaller budgets. In short, it would have been pretty tough for the federal government to amass a half-trillion-dollar national debt without the cooperation of the private banks."

"My god!" said the President. "Are you suggesting the bankers would threaten to go on strike—refusing to lend to their very own government until the money agency proposal was ramrodded through Congress?"

"Goodness, no. The banks would never have dared to do a thing like that." He shifted in the uncomfortable chair.

"On the other hand," Blandish continued, "what the banks might well have done—and this is pure conjecture, of course—was to say to their more progressive friends in Congress: 'Look here. There is only one practical method by which a government can continually spend more money than it collects in taxes. That is to provide a mechanism by which the banks will always have plenty of money to lend to their government.' "

"That's it!" said the President, sliding down into his comfortable chair. "The banks got the authority to create reams of these paper credit things that could easily be circulated with a minimum of risk. Meanwhile, the government got a perpetual system for spending more money than it collected in taxes."

The President was thunderstruck by the audacity of it all. "I ask you, Blandish," he said in a fit of admiration, "was that a political deal of deals, or was that a political deal of deals? Why, it must be the prize wheelie-dilly in the history of the Republic!"

The President was silent for a moment. Then he said, "I suppose that means Old Ma Ma Hen could never let the banks go broke, because the government needs some place to keep borrowing money."

The conversation was beginning to make Blandish nervous. "Please keep in mind, Mr. President, that everything we said was just pure conjecture. And just because *some* of it sounded like it might make sense doesn't mean any of it actually happened that way."

The President looked Blandish straight in the eye. "Would you like to make a small bet?"

"No, I wouldn't," said Blandish uneasily, "because it's all water over the dam, now."

The President replied with a loud grunt.

"Now," said Blandish more brightly, "let's get back to this energy thing. What it boils down to is, we don't actually know the size of our energy reserves because price controls have destroyed everyone's incentive to find out. The answer is to let energy prices move to their natural market levels. That will give producers the incentive to determine what reserves can be marketed at what prices. Once actual prices are known, then each energy consumer can make his own decisions about how to allocate his energy budget."

But the President wasn't paying attention, his mind still mesmerized by the deal of deals.

"Mr. President?" said Blandish in a louder-than-usual voice.

"Yes," said the President, brought back to the present. He glanced quickly at his watch, then rose to escort Blandish to the door of the Oval Office.

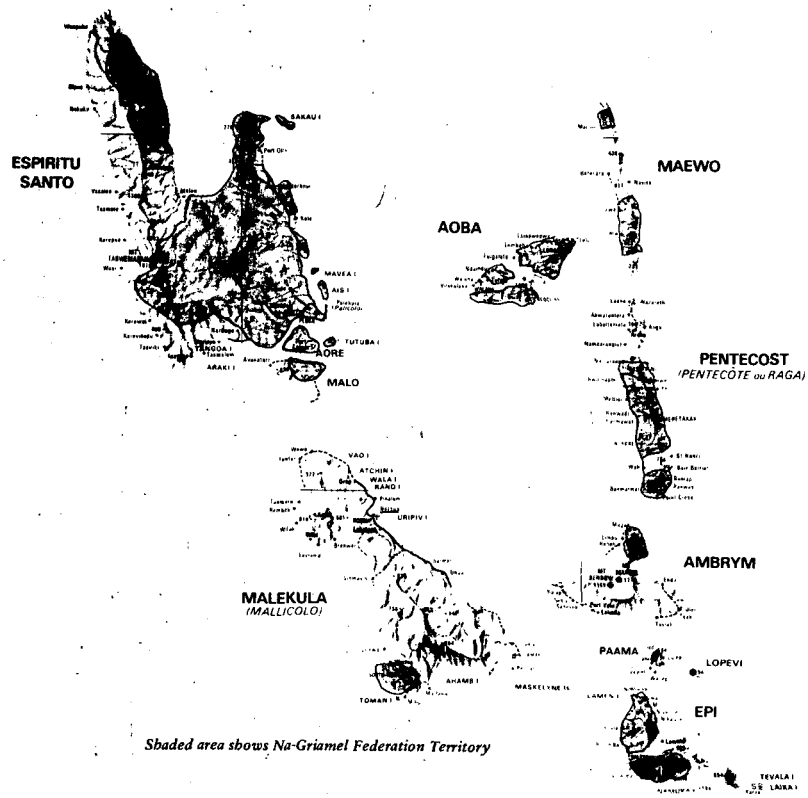
"There is still one thing I don't get. Let's go back to the part where the bank lent the guy $1,000 worth of this phony credit stuff. Sooner or later, the borrower will write a check, and it may end up in another bank. That bank will want *real* money. So the check will be returned to the bank that originally made the loan

(*Continued on p. 39.*)

ISLANDS OF FREEDOM:

AN ALTERNATIVE FOR NEW COUNTRIES

BY JOHN HOSPERS



Shaded area shows Na-Griamel Federation Territory

When independence comes to the New Hebrides in 1980, it may provide a rare opportunity to give liberty and private property another chance.

IMAGINE A CHAIN OF TROPICAL islands, with ample rainfall, excellent soil, lush vegetation, beautiful sandy beaches, and many other features that would make them perfect for tourism as well as for human habitation. All such places on this planet are already occupied, you say? Not so. The islands I speak of are populated, all right, but grossly *under*populated—fewer than 100,000 people in more than 100 islands and a territory of some 4,000 square miles. They are the New Hebrides, 500 miles west of Fiji and north of New Caledonia, and more than 1,000 miles directly north of New Zealand, at 10°-20° south latitude.

How could such a place exist and remain underpopulated in a century of population explosion? Why aren't people flocking to it as one of man's last refuges in a crowded and troubled world? Is it a Marxist dictatorship that is so uninviting that no one wants to go there?

On the contrary. Not only is there room for more people—they are welcomed. Boatloads of Vietnamese refugees have been invited to find a home there, and gardens have already been planted for them so that the refugees can be self-sustaining from the time they arrive. When the inhabitants of some of the New Hebrides islands invited the Vietnamese, not only was this a humanitarian act, but it could help build a bulwark against Communism. For the refugees have all fled from Communist Vietnam, and anti-Communism is sure to be their principal common feature. At present most of these refugees are rotting in boats in Manila Harbor, unwanted by any other nation, near starvation, and festering with sores. All that is wanting is the money to transport them to their invited home.

But the invitation is extended not only to refugees. Thousands of people are needed—for modernizing agriculture, for developing industry, for stores and factories and schools and hospitals. A huge importation of technology is needed, both machines and people who have the skill to

construct and repair them. Also, tourism could bring a tremendous economic boom to this area: with unused arable land, beautiful beaches, palm trees, and a beneficent climate, the islands could become a tourists' paradise. The New Hebrides is located at what could well become the crossroads of the Pacific: traffic from Australia, New Zealand, Indonesia, Tahiti, Hawaii, as well as the United States could be routed through these islands, provided there were a sufficient inflow of capital to make such developments possible.

Most of the native inhabitants, Melanesian tribesmen, have deeply rooted traditions of liberty as well as private property. Each family has its own plot of land, and social intercourse is strictly voluntary. Theft is so rare that one could leave valuables about for weeks at a time with no one to watch them, yet no one would take them. "It's theirs, it isn't yours," is a sacred precept among the natives of the New Hebrides. The natives are natural champions of free enterprise and respect the rights of others to ownership just as they want their own to be respected. They are willing to lease parcels of their land. On a one-time, once-only basis, they will also sell a strictly limited number of acres (and in view of the experience of American Indians, such precautions concerning ownership of land seem eminently reasonable).

The islanders have nostalgic memories of Americans when they last came to the New Hebrides in large numbers during World War II. They delivered the islands from Japanese occupation and, with DDT, rid them of malarial mosquitoes. After the Americans left, the mosquitoes started to return, and they are back now in full force. The islanders want to see Americans again, not only to control these pests, but to develop the islands as only American technology knows how to do it and help to bring them into the 20th century.

CHANGING OF THE GUARD

If all this is so, what is stopping Americans from moving to the New Hebrides? Why aren't they going there to retire in comfort or to develop its agriculture and industry or just to escape from taxation and inflation?

One consideration is that the British-French protocols of 1906 under which the islands are governed are not due to expire until June 1980. Only then will the islands be officially "independent." Until that time, the lines of authority are not clear: officially, at least, New Hebrides policies must have the approval of the British-French "protectorate."

But independence is a two-edged knife. In 1980, control of the islanders' affairs by foreign powers will terminate and be replaced by what is called "self-government." And self-government has its dangers. In the clearest use of the term, it is applicable only to *individuals*, and self-government means governing *oneself*. Even here it carries its dangers, for an individual might not govern himself wisely or well. But when the term is applied not to individuals but to *nations*, it becomes *collective* self-government—government of all persons within a certain geographical area by *some* of them. And government of all by some is often tyrannical, even though no outsiders any longer rule. When Nigeria ceased to be a colonial power and the European legal system departed, thousands of Ibo tribesmen were slaughtered because they were a minority in a nation that was now governed by a majority hostile to them. The Hausas governed, and they also governed the Ibos against their wills. The same thing could happen in the New Hebrides.

There are two main native groups inhabiting the New Hebrides. The first group, composed of tribesmen who have recently confederated under the traditional name of Na-Griamel, also hope to be able to call their particular areas Na-Griamel after independence, and if they cannot carry all the New Hebrides islands with them, they hope to create their own separate political entity, Na-Griamel.

The Na-Griamel movement is headed by Jimmy Moly Stevens, and the members are pro-freedom and pro-private property. They strongly desire to have more industry and technology, and they assure those who come that they can keep the fruits of their labor. With the help of some Americans and Europeans, they have already minted gold and silver coins, to be used after independence; they have printed passports, although other nations do not yet recognize them as valid; and most important, they have written a constitution, which is much like the constitution of the United States but stricter in its provisions for economic freedom, in view of the abandonment of many of the precepts of liberty by the United States in the 20th century. It is a constitution with no provision for collecting taxes; revenues are to come from the leasing of lands. It is hoped that this constitution will become effective on independence in 1980.

Already, there are signs that Na-Griamel's independence bid is being taken seriously. A Na-Griamel radio station operates daily without French or British permission and without their interference. In August 1978 a Na-Griamel airstrip was opened at Big Bay, and in January Air Melanesia began service to Tanafo, Na-Griamel's jungle headquarters on the largest island in the New Hebrides—Santo —where a delegation of French officials has already made a call, a sign of de facto acceptance of Na-Griamel's sovereignty.

The second group of natives, Vanuaaku (formerly the National Party), is dominant in the southern islands. Inheriting the tradition of British Fabian socialism, it favors centralized control of industry and property for the entire island chain. British civil servants have been assiduous in instilling socialistic precepts in the minds of the natives under their influence, particularly those who desire to train for professions: since no such training is now available on the islands, they must obtain it outside through the intermediary of the governing administration. While these tribesmen are not socialist by inclination, the stream of political influence and advancement has flowed largely in that direction. Most effective of all, millions of dollars have poured in on behalf of the Vanuaaku group from the World Council of Churches, which has collected many times as much money as the Na-Griamel group has been able to raise in the way of outside help. The Vanuaaku Party has publicly declared that its model for political organization is socialist Tanzania.

INDEPENDENCE DANGERS

If money determines the outcome, then, thus far at least, the socialist Vanuaaku Party will win the election after independence. The result of this would probably be the forcible suppression of Na-Griamel. Even worse, such "suppression" might take the form of elimination. When so-called democratic Marxists infiltrated Tanzania a few years back, they, and the Soviets who financed them, arrested the tribal chiefs and everyone else who was suspected of being a threat to Soviet power and simply executed them. The same thing could happen in the New Hebrides if the Vanuaaku Party wins.

If one believes that the World Council of Churches would not knowingly be responsible for the deaths of so many innocent persons, the record of their deeds in Zimbabwe-Rhodesia should be enough to convince us otherwise. They have poured millions of dollars into the Patriotic Front to sustain the terrorists who want to take over Zimbabwe-Rhodesia in the name of a one-party Marxist dictatorship, and their money has made possible the torture and enslavement and death of thousands of people, both black and white. What they have already done in Zimbabwe-Rhodesia, they could conceivably do in the New Hebrides. Their programs have not changed, and as long as they can collect more money from unsuspecting Christians who think they are contributing to a worthy cause, they might continue to betray that cause by encouraging the massacre of all those who oppose socialism.

(Continued on p. 39.)

A controversial anarchist talks about government, the Libertarian Party, Ayn Rand, and the evolution of his own ideas.

Leslee J. Newman

REASON INTERVIEW:

MURRAY BOOKCHIN

There's certainly nothing precedent-shattering about the thought of a speaker at a national Libertarian Party convention stirring up controversy within the libertarian movement. Timothy Leary did it in 1977 at the national convention in San Francisco. And it had been done more than a few times before that. But for a speaker at a national LP convention to stir up the movement before he's even assumed his position on the speaker's platform, before the convention he's addressing has even convened—now, that's no mean feat. And Murray Bookchin, the man who did it at the 1978 convention in Boston, may well have shattered a precedent or two in the process.

Actually, no role could possibly have made Bookchin more comfortable at the Boston convention than that of precedent shatterer: it's a role he's been playing for the past quarter-century. In 1951, 11 years before the publication of Rachel Carson's celebrated Silent Spring, *the book that is usually credited with launching the ecology movement, Bookchin published an article on the environment called "The Problem of Chemicals" in the English socialist magazine* Contemporary Issues. *In 1965 he anticipated dozens of later, more influential books on the plight of the metropolis by publishing his own:* Crisis in Our Cities.

Ironically, it was neither Bookchin's views on ecology nor his views on the cities that touched off instant controversy upon announcement of his inclusion in the tentative program for the 1978 convention. Rather, it was his views on organization, and specifically on political organization. According to his critics, Bookchin opposes all hierarchy—all organization in which some carry out the orders and plans of others—as inherently unlibertarian. He also regards political parties, they said, as inherently unlibertarian. How could such a person be invited to speak at a convention of the Libertarian Party?

More or less formal protests were lodged against Bookchin's appearance by prominent and influential libertarians. But Bookchin was also used to being opposed by those whom he considered his allies—in the American labor movement of the '30s, in the American Communist movement of the late '30s and early '40s, even in the New Left movement of the '60s, where his famous pamphlet, "Listen, Marxist!" was widely regarded as heretical and blasphemous. But however much opposition he had encountered, through all his many changes in political direction, he had always managed to have his say. And he managed to have it again at the 1978 LP convention in Boston.

The convention was conveniently located for Bookchin, who lives these days between two homes: one in New York City, where he was born 58 years ago and has lived most of his life; and another in Vermont, where he teaches at Goddard College. He addressed a Saturday morning breakfast crowd of about 150 conventioneers and won a standing ovation for his remarks, titled "Nonauthoritarian Forms of Organization." Then he retired to the press room for interviews. REASON*'s interviewer Jeff Riggenbach was first in line, eager to learn more about this latest wrinkle in the unpredictable career of this Marxist-turned-anarchist. He had integrated, or claimed to have integrated, his anarchism with ecology and urban sociology. Had he now also achieved an intellectual rapprochement with the positions of Ayn Rand and Murray Rothbard? Riggenbach led off with a question about the issue at the root of it all: the issue of government.*

REASON: You've said you consider the word *libertarian* and the word *anarchist* to be interchangeable, yet there are people who call themselves "limited-government libertarians." How does that idea strike you?

BOOKCHIN: I think they probably have not followed the logic of their premises through to their conclusions. The real problem is that "limited government" invariably leads to unlimited government. If history is to be any guide and current experience is to be any guide, we in the United States 200 years ago started out with the notion of limited government—virtually no government interference—and we now have a massive quasi-totalitarian government. I think that people who believe in limited government would benefit greatly by studying the logic in government itself and the role of power as a corruptive mechanism in leading finally to unlimited government. I feel that if people investigate the emergence of government, of State power—if they examine the logic of State power historically, and more specifically in the United States—they will find that the concept of limited government is not tenable once they adopt some type of libertarian principle.

REASON: Some advocates of libertarian limited government say that they are talking about something that hasn't ever existed historically. They say, for example, that their limited government would not have the power to tax but would have to run lotteries and solicit contributions and that anyone who wanted to, in Herbert Spencer's phrase, ignore the State, could do so.

BOOKCHIN: In which case they would have abolished the State. That's the reality of the situation. If the State does not enjoy a monopoly of violence, which then gives it the power to order people's lives and to compel them to obey decisions over which they have no control, or just limited control, then I think you have a consistently libertarian society.

REASON: Do you see a fundamental inconsistency in working toward libertarian ends by means of a political party?

BOOKCHIN: I think there is an inconsistency there, but I believe that people have to explore that inconsistency themselves. I'm not sitting in judgment on whether or not libertarians can participate in a political process whose very nature they oppose.

Look: the State is a professional apparatus that sets itself apart from the people and apart from the institutions that the people themselves create. It's a monopoly on violence that manages and institutionalizes social activities. The people are perfectly capable of managing themselves and creating their own institutions. They have done so from time immemorial. The State always opposes these institutions. A bureaucracy opposes a village council or a village assembly or a town meeting. It tries to usurp their powers.

And my personal feeling is that when one tries to function within the State apparatus in trying to deal with it, take it over, one tends to build one's own structure in a fashion that replicates the State. And one does this almost unknowingly. One is gradually seduced into creating an executive such as the State has, a legislature such as the State has, a national bureaucracy such as the State has. Take a very striking case in point: the Russian Bolsheviks. Lenin created an alleged workers' party, which in every way reflected the Czarist machine, in order to deal with Czarism. And the danger and the hazards of trying to accommodate libertarian principles to the political process as we know it today is that one begins to dissolve the libertarian principles. So I would say that there *is* an inconsistency there that should be explored.

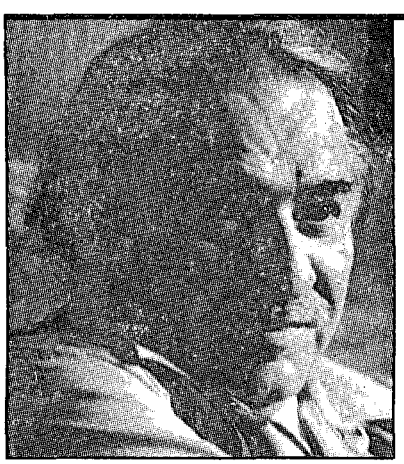
But this does not mean that I believe libertarians should not get involved in one or another level of the political process. They should. I find it perfectly consistent for libertarians to operate on the municipal or county level, where they are close to the people and where they may have a party or a federation that is made up of the social institutions, the residual social institutions that still remain, over and beyond what the State has managed to preempt and absorb.

I find it exciting, for example, that candidates for the Amsterdam City Council back in the '60s based their so-called party structure on neighborhood associations, food cooperatives, communes. Their "party," as it were, was built on neighborhood structures. It was not built from the top down—the national committee, the state committee, the local committee, the various bureaucracies, the salaried officials—but organically, from the bottom up, on the basis of institutions that already existed in the neighborhoods: child-care centers, people's markets, farmers' markets. It then coalesced organically, like an embryo in the womb of the mother, into a nationwide confederation—and, in Amsterdam, a very effective political structure. This is all-important in my opinion, because if people do not organize in this way, they will not develop the habits, the state of mind, the character structure, that will make it possible for them to finally create a libertarian society.

REASON: If the State disappeared tomorrow, would there be "chaos"?

BOOKCHIN: Yes, utterly. I say this ironically, not because I favor the State, but because people are not in the state of mind right now where they feel that they can manage themselves. We have to go through an educational process—which does not involve, in my opinion, compromises with the State. But if the State disappeared tomorrow by accident, and the police disappeared and the army disappeared and the government agencies disappeared, the ironical situation is that people would suddenly feel denuded.

REASON: Would you say that libertarians are right-wingers?



The American left today as I know it—and believe me, I am very familiar with the American left—is going toward authoritarianism.

A great many people in the national media and in national politics continue to regard libertarianism as some sort of splinter group of the William Buckley-style conservatives.

BOOKCHIN: I categorically deny that. The American left today as I know it—and believe me, I am very familiar with the American left—is going toward authoritarianism, toward totalitarianism. It's becoming the real right in the United States. We don't have an appreciable American left any more in the United States. What I saw of the SDS in the '60s was very abhorrent to me: Marxism, Leninism, almost the KGB mentality—a police politics that I found completely totalitarian in nature. And in Europe, I would say that today the real support for State power and totalitarianism comes from the Communist parties and the Socialist parties and, where they are sizable, the Trotskyist groups. They are the ones that really frighten me.

People who resist authority, who defend the rights of the individual, who try in a period of increasing totalitarianism and centralization to reclaim these rights—this is the true left in the United States. Whether they are anarcho-communists, anarcho-syndicalists, or libertarians who believe in free enterprise, I regard theirs as the real legacy of the left, and I feel much closer, ideologically, to such individuals than I do to the totalitarian liberals and Marxist-Leninists of today.

REASON: What about people like Murray Rothbard—anarcho-capitalists?

BOOKCHIN: I would prefer not to give any reply to that, mainly because Murray and I have a bit of a history together, and I think there've been some grave misunderstandings, perhaps on both our parts. I would rather see them resolved than develop into heated controversy—despite, I think, a not very generous letter that appeared over his signature and Mr. Williamson Evers's signature in *Liberty*, the Massachusetts Libertarian Party publication. That letter grossly misrepresented my position on Marxism as being a "necessary ideology." That's archaic, to say the least. I regard Marxism as the most sinister and the most subtle form of totalitarianism. There are people, of course, who profess to be libertarian Marxists. I believe they mean very well, and I even write in their periodicals; but I write very militantly that I regard Marxism as a very subtle form of what I would call the totalitarian ideology—all the more subtle because it professes to advance the notions of freedom. I don't think that the Soviet Union and China are accidents, aberrations; I think they follow from Marxism-Leninism. I think that Leninism comes out of Marx's basic convictions.

We in the United States 200 years ago started out with the notion of limited government, and we now have a massive quasi-totalitarian government.

REASON: If you won't comment directly on Murray Rothbard's theories, will you comment on the general idea of a capitalist society that is also an anarchist society? Suppose we had a free society whose people chose to divide their labor, specialize in producing certain goods and services, and trade among themselves?

BOOKCHIN: I'd have no quarrel with them. I would say that *that* is not capitalism—though there are many different definitions. One would call that, in Marxist language—and there's a sense in which Marx does contribute to the fund of human knowledge, and we can no more dismiss him than we can Hegel or Rousseau or Spinoza or Darwin; you don't have to be a Darwinian to appreciate Darwin's views, and I don't have to be a Marxist to appreciate what is valid in a number of Marx's writings—and Marx would call that a form of simple commodity production rather than capitalism. But if you want to call it capitalism, do so. I don't want to get enmeshed in any semantic issues. My feeling is that whatever people elect to do, insofar as they don't deny the rights of others, every effort should be made to defend their right to do it.

I believe in a libertarian communist society. But, I believe that any attempt on the part of a libertarian communist society to abridge the rights of a community—for example, to operate on the basis of a market economy of the kind that you describe—would be unforgivable, and I would oppose the practices of such a society as militantly as I think any reader of your publication would. I want to make that very clear. On the other hand, where an attempt is made to expropriate, as was done in so much of the world, you know, in the name of free enterprise—in the names of God, whiskey, commerce, and Western civilization, to use Kipling's language—that, of course, I would oppose.

I have no quarrel with libertarians who advance the concept of capitalism of the type that you have advanced. I believe that people will decide for themselves what they want to do. The all-important thing is that they be free to make that decision and that they do not stand in the way of communities that wish to make other decisions. I could live beautifully in a society of the kind that you have described, as well as in a collectivistic one. However, if that collectivistic one assumed any totalitarian forms, any authoritarian forms whatever, I would oppose that. And not only that: I would join your community in fighting it. Let me make it very plain that if socialism, which is what I call the authoritarian version of collectivism, were to emerge, I would join your community. I would migrate to your community and do everything I could to prevent the collectivists from abridging my right to function as I like. That should be made very clear.

REASON: Have you read Ursula K. Le Guin's recent novel, *The Dispossessed*?

BOOKCHIN: Yes.

REASON: What do you think of the anarcho-communist society in that novel? Is it something of the sort that you would like?

BOOKCHIN: No, it isn't. It's an anarcho-syndicalist society. And I think that Ursula Le Guin is conscious of the limitations of such a society. Anarcho-communism, or libertarian communism, is not anarcho-syndicalism. I feel close to the anarcho-syndicalists, primarily because they are antiauthoritarian, but I don't believe that society will be structured around factories or work places. I believe that a truly libertarian society will be structured around communities, not around economies: that the economy will merely become part of the community.

What I think Ursula, whom I greatly admire—it's been my pleasure to have contact with her on a more than purely literary basis, in the sense that we've exchanged good vibes with each other—what I think Ursula is trying to demonstrate is that in such an anarcho-syndicalist society, or for that matter, in an anarcho-communist society, you can create a kind of tyranny in the name of the libertarian ideal.

REASON: In Ursula Le Guin's anarcho-syndicalist society, there was no privately held land, but there was personal property. People owned books and other portable items. In your ideal anarcho-communist society would there be such personal property?

BOOKCHIN: There would be personal property, but there would only be private property to the extent that people elected to engage in the private property society. My concern over private property is that it no longer fosters individuality. The historic destiny of private property is that it has created a highly corporatized economy, and I have to ask myself why. What is it

in the market that led 100 capitalists to dissolve into 10 as a result of rivalry and accumulation, 10 into 3, and I think if the system has its way, those 3 into 1?

REASON: Wasn't it the State that was responsible?

BOOKCHIN: The State certainly played a decisive role. But I also believe that it may have stemmed from the rivalry itself. Grow or die, devour or die. That's the one problem that I have to wrestle with. I have to wrestle with whether or not rivalry in the free market does not ultimately lead to concentration, corporatism, and finally totalitarianism.

There was a period of time, indubitably, in Jefferson's time, when the farmer, the yeoman—the American yeoman, standing on his land with his musket—represented a forward step for individuality. But today the millions that flow in and out of New York anonymously, through mass transportation, through the tunnels and over the bridges that lead into and out of the suburbs—these are among the most deindividualized people I've encountered in 57 years of living. Most of them are organization men and women and have become denuded of all personality and uniqueness. They're figments; they're creatures, in fact. They're creatures of the mass media and of the corporate world that has rendered them totally homogenized and anonymous. Now already the attempt to preserve what we in America would call private property, the rights of US Steel and the rights of General Motors, has become literally a step in the direction of the deindividualization of the American people and their reduction to masses.

REASON: Have you seen your image of an anarcho-communist society anywhere in fiction?

BOOKCHIN: Yes. In William Morris's *News from Nowhere*. That is my favorite utopia—one of my favorite utopias, anyway.

REASON: What do you think of Ayn Rand's novels?

BOOKCHIN: I have really mixed feelings about them. On the one hand, I have an admiration, even though I'm not likely to do that sort of thing myself, for Roark's behavior when he decided that his design was not being followed—which was a gross violation, by the way, of private property rights, because the building was his.

That aside, I am concerned that people who admire Rand are not often critical enough of the extent to which she has abridged the implications of these novels. Realistically speaking, Ayn Rand should not have opposed the antidraft movement and supported the Vietnam War effort—in effect, she supported military conscription. What higher property do you have than your own person? I totally agree, by the way, with John Locke's idea that one's body is literally the most precious property that exists. I would say that conscription is the most heinous violation of property that one can imagine. And I would agree that much with people who accept private property—that conscription is an unpardonable transgression, whether it be "corrupt" or not. The Spanish anarchists opposed conscription during the civil war in Spain as a gross expropriation of property, the most precious property that we have, our own physical beings themselves. But Rand accepts that when she supports military conscription, even indirectly. Also, she starts her politics from the premise that the State must have police power. She fails to take into account the inevitability that once you start with police power you're going to have a police State.

I think one must confront Rand on these limitations as well as admire certain things that she has said that I think *are* libertarian. I have very mixed feelings.

REASON: Left-wing anarchists ordinarily have nothing good to say about writers like Lysander Spooner, Benjamin R. Tucker, and Albert Jay Nock. What do you think about the individualist anarchists?

BOOKCHIN: I don't feel the individualist anarchists, particularly in the American tradition, including the Transcendental tradition of New England, in any way deserve the derogatory comments that are often made about them by the left. When one gets down to it ultimately, my anarcho-communism stems from a commitment to true individuality. My attempt to recover the power and the right of the individual to control his or her life and destiny is the basis to my anarcho-communism.

If anarcho-communism served to regiment the population in the name of libertarian unity, if it served in any way through collectivist measures to deny the rights of the individual instead of reconciling the rights of the individual with the collective, I would definitely stand completely on the side of the individualist who is trying to rescue above all that most precious thing that makes us human—consciousness and personality. Wherever people defend the rights of the individual, I stand with them above all, over and beyond any wishes relating to how an economy should be managed or how people should govern themselves. This is a very strong commitment on my part.

When I talk about self-management, self-regulation, self-government, the word I emphasize is *self*, and my concern is with the reconstruction of the self. Marxists and even many, I think, overly enthusiastic anarchists have neglected that self. I regard individuality as the most precious trait we have, because without it there is no creativity, there is no consciousness, there is no rationality. There is nothing that could make me speak more strongly to this point. I address myself to it as being the primary question.

My communism attempts basically to create a shared society, that's all; a shared society in which individuality will flourish, along with love, and along with mutual respect. I am not a communist first and an individualist second. I am an individualist first, and I don't mean this in the shallow, purely egotistical sense of self-interest and everyone else be damned. I mean this in the true sense of enlightenment, recovery of personality, and the full development of personality.

Deny my individuality and I become an animal, mute, a mere creature of all the forces that act upon me.

REASON: You were a Marxist in the '30s. Obviously your ideas have changed.

BOOKCHIN: Oh, drastically. I was a Stalinist in the '30s. I had come from a Russian revolutionary family who simply were elated by the fact that the Czar was overthrown by this group known as the Bolsheviks. My family identified with anybody who overthrew the Czar. So they identified themselves intuitively with Bolshevism. I was raised as a red diaper baby, and I went through the communist children's movement at the age of nine, in 1930, and into the Young Communist League in 1936. The Spanish civil war brought me back. I'd already broken with the communists—or the Stalinists, more precisely—in 1935. But the civil war in Spain and the desire to aid the remarkable people struggling against Fascism brought me back to the Young Communist League, so that I could effectively participate, however far removed from Spain, in their struggle. By 1938 I was ready to be expelled. By 1939 I *was* expelled.

I then got deeply involved with the Trotskyists. I assumed simply that my enemy's enemies were my friends. But I learned that they were no different from the Stalinists, and they expelled me, which is the typical Marxist-Leninist way of dealing with dissenters. From that point on, I migrated by the 1950s into anarchism, increasingly emphasizing decentralization. Also, I made the all-important step of bridging my social phi-

losophy with ecology. I did that in 1952 and went on to write a whole series of books developing an anarcho-ecological approach.

REASON: What do you think of combining anarchism with pacifism as Robert LeFevre does—holding that violence is under no circumstances justifiable, even in self-defense; that one should attempt to escape rather than return violence if one is attacked?

BOOKCHIN: I have a great admiration for pacifism, but I'm not a pacifist, mainly because I *would* defend myself if I were attacked, and I believe that the American people should defend themselves if any attempt is made to take over the government by coup d'etat, whether by the military or the Marxists or any people who profess to be anarchists. But I do have an intense respect for pacifists, because I believe that ultimately, if we are to have a truly humanistic as well as libertarian society, violence will have to be banished on this planet.

I detest violence. I have a tremendous respect not only for human life but also for the animal life that I have to live with, and I believe that our destiny as human beings is to become nature-conscious as well as self-conscious, living in loving relationship and in balance and in harmony, not only with one another, but with the entire natural world. I have an enormous respect for it and to a great degree tend to follow it personally: pacifist strategies and approaches, and the pacifistic philosophy. But I will not call myself a pacifist for the very simple reason that if something like a Franco should arise in Spain again, or, for that matter, in America, and tried to take away whatever dwindling civil liberties and human rights we retain, I would resist them with a club if I had to. But my admiration for pacifism as an outlook and a sensibility is enormous. I just find that it gets me into contradictions, as it often gets many pacifists into contradictory positions and strategies.

REASON: You're something of a rebel academically, as well as politically, being a professor without a degree.

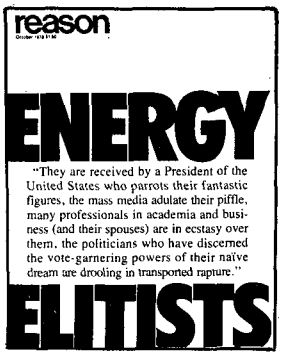
BOOKCHIN: Yes, though I have gone to college. I've had training in electronics engineering, of all things, and in languages. But I've never taken any degree, something I share with Lewis Mumford, I think.

Instead I've worked in the factories of this land, and I've thought freely and creatively. And I think that that has greatly enriched my capacity to abstract intellectually. The experience of being with workers, my encounters with management and my recognition of its foibles, my personal encounters with American industrial efficiency, my military experience—all of these things packaged together have greatly enriched my reading and my understanding, and I've written with what I hope is a reasonable fluency of style that is much more expressive than the academic stuff.

This style of mine is also a reflection of my thinking. My thinking is very flexible, and I hope that it will remain flexible and creative as long as biology permits me to think and that I will remain a rebel all my life. I will never compromise—I can now say with assurance at the age of 57—with my libertarian and my revolutionary commitments; they'll have to kill me first. They can't buy me out. I'm just not interested in what they have to offer. I've managed to stick it out, and the thing that has been the most rescuing, the most redeeming, feature of my life that has kept me alive, that has kept me more or less single-minded about my commitment to libertarian ideals once I escaped the trap of Marxist-Leninism—a childhood trap, to be sure—has been consciousness. Consciousness. That's why I prize individuality. Deny my individuality and I become an animal, mute, a mere creature of all the forces that act upon me. I will never surrender the rights of the individual—the complete rights of the individual—to any "ism" whatever. ◻

Have You Seen...

REASON's hard look at the small-is-beautiful gurus?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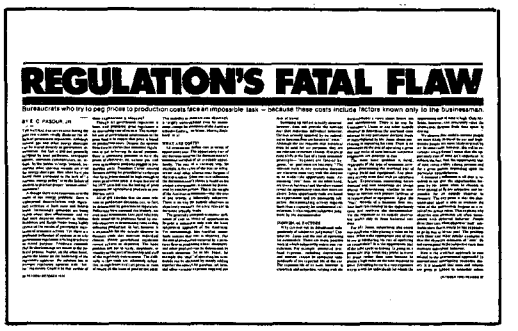
ELITISTS

October 1978 $1.50

In this issue Petr Beckmann exposes the elitism of proposals, like those of E. F. Schumacher and Amory Lovins, for a return to feudal energy sources and feudal methods of energy production. Also in the issue: a look at how FDA drug-testing regulations have harmed the sick and dying; an economist's analysis of the fatal flaw in all regulation; some thoughts on the hypocrisy of defending "human rights" while stomping on property rights; and an exploration of why so many wealthy people go in for radical egalitarianism. Plus Jim Davidson with "Films and Freedom" and Mark Tier with "The Remonetization of Gold."



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Way

(Continued from p. 31.)

and be subtracted from its reserves, right?"

"Right," said Blandish. "But you have to remember that one bank's loans become another bank's deposits. When the second bank received the borrower's check, it credited the depositor's account, then put it in its reserve to be cleared through the Fed.

"Meanwhile, if this second bank also happened to be lending, some of its checks might end up in the first bank, thereby adding to its deposits and reserves. The moral of the story is: the individual bank normally has more credit to lend when other banks are also lending."

"But what would happen if only one bank was making loans?" asked the President.

"It would be very dangerous," said Blandish. "Its reserve would be drawn down, and it would either have to increase its assets or stop making loans. It is only when *many* banks are extending credit that there can be a rapid growth in bank deposits."

"So," said the President, "what it all boils down to is that Ma Ma Fed's reserve requirements tend to encourage all member banks to expand these credit things at approximately the same rate."

"In a manner of speaking, yes," said Blandish.

"So little num-num can't extend too much credit and upset the apple cart."

"Oh, no, he still *can*," said Blandish, "but it's a lot harder now because Ma Ma ...I mean, because the Federal Reserve System is always there to help clean up."

The President shook Blandish's hand. "I enjoyed our little chat. And you can be sure I understand now where inflation comes from."

"From higher prices," quipped Blandish, who always liked to end a conversation on a pleasant note.

"What?" said the President, who hated smartalecks.

"I know, I know," said Blandish hastily. "You think inflation is laid by Ma Ma Leghorn and her little brood."

"You can bet your last farkleberry on that!" said the President, easing him out the door.

Limp with the futility of it all, Blandish trudged the hushed corridor away from the Oval Office.

Ma Ma Leghorn, indeed! he thought to himself. *What will this incredible blockhead think of next?* ◧

Eric Way is a free-lance corporate speech writer with a background in economics.

Hospers

(Continued from p. 33.)

The French at one time urged a "government of national unity" for the New Hebrides after independence, but now they appear to have backed off somewhat, in view of the strength and fervor of the Na-Griamel movement, and are instead advocating a "confederation" approach. It may be that at the time of independence the New Hebrides will be divided into two, three, or even four separate nations, each hoping that no one will try to invade anyone else's territory. If this happens, it would still be possible for the Vanuaaku faction, with arms and money from the World Council of Churches, to invade the northern islands, take them over, and kill or send to "corrective labor camps" anyone who has shown any anticommunist tendencies.

There could be danger from the outside, as well. The New Hebrides is a far-flung chain of islands and relatively unprotected. At the moment it is semi-protected by France. Although France doesn't have a large stake in the New Hebrides, it does in New Caledonia, to the south, where large deposits of various metals and minerals are mined. About 2,000 miles to the east lies Tahiti, a center of French tourism and an important French military base. In between lie the New Hebrides islands, where France would be reluctant to witness any encroachment by another foreign power. The French military establishment is the only one that is both nearby and (on the whole) friendly to Na-Griamel. A foreign take-over of the New Hebrides would threaten French interests throughout the South Pacific. Britain no longer has such interests and pulls out gladly, leaving only the socialist influence of its dedicated civil servants.

What would happen if France's supremacy over this South Pacific area were threatened after the New Hebrides independence in 1980? If Soviet forces, for example, invaded massively, France would be inadequate to provide for the defense of the New Hebrides. But a much more likely scenario is that a few "tourists," say Cubans, would enter with guns and overcome the customs officials, preparing the way for a new Communist coup. If they get a spearhead in the New Hebrides, the pattern will probably be the same as it has been elsewhere: they will arrest native leaders and anyone whom they suspect of being opposed to communism, and these real and unsuspected opponents will disappear forever; whether they are shot outright or placed in labor camps for indoctrination, they will not be heard from again. What happens after independence is a matter of life and death for the freedom-loving people of Na-Griamel—as it is, indeed, on a larger scale, for all of us.

MORE THAN A DREAM

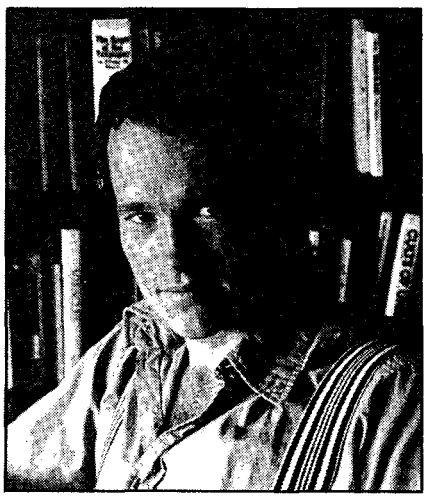
Is there anything that would minimize the possibility of such threats becoming a reality? If the French saw that Na-Griamel was not merely a dream of freedom in someone's eye but a living reality displayed before them in the form of a new nation devoted to liberty and freedom of enterprise as the United States was in 1776, they would be ever so much more likely to provide protection, as long as the new nation continued to be a bulwark against Communist expansion. The more money and technology and trained personnel are fed into the New Hebrides during the next few critical months, the more the French are likely to be willing to provide whatever defense is needed and, as a result, the less likely it will be that any defense against outside powers will be needed at all. In time, of course, the new nation will be able to defend itself, but this, along with its internal development, will not take place at once.

Most critically of all, the development of the New Hebrides will take money—lots of it. An infusion of money would attract trained personnel, which in turn would attract more technology; and the more technology is attracted, the more people will go there because of the increased ease of living, as more of the conveniences of Western life become available in the islands. Once it has begun, the movement will achieve a momentum of its own. The main problem is to provide that initial impetus that is needed to get the whole enterprise started. It is greatly in the interest of freedom-loving people everywhere to see that this happens, for the New Hebrides provides opportunities for unfettered economic development that are rare or unequaled in the world in this last quarter of the 20th century. (The Na-Griamel Federation can be contacted at P.O. Box 18, Tanafo, Santo, New Hebrides.) ◧

John Hospers, a REASON *contributing editor, is a professor of philosophy at the University of Southern California. His most recent book,* Understanding the Arts, *will be published by Prentice-Hall in 1980.*

Consumer Revenge

viewpoint



James Dale Davidson

A few facts about the supernatural:

- Six of every ten persons, including hairdressers, senators, and space scientists, believe in flying saucers.
- Half the population believes in ESP, astrology, ghosts, or the transmigration of souls.
- Four out of ten believe in the Devil.
- No one believes in consumer revenge, not even me.

Clearly, something is wrong. Of the many possible supernatural phenomena, people are pleased to believe in those that do them the least good. It's silly. There ought to be at least one trendy paranormal fad with some down-to-earth application. The closest any of them comes is astrology: it may hold down traffic jams by keeping cerain people off the streets on days their horoscopes are bad. Other than that, there is hardly anything useful about the occult.

And that is too bad, because even the most discerning of consumers could sometimes use some out-of-this-world help. How much this is true was unconsciously illustrated by a recent television commercial, starring two brutes in pinstriped suits. The commercial goes something like this: The brutes pull their big black car up to a garage and, brandishing violin cases, demand service. They get it. Pronto. Within seconds, the windshield has been washed, the tires and oil checked, and a sputter in the engine diagnosed and repaired. It is fabulous service, the kind that you and I seldom get, perhaps because we don't look as though we break thumbs for a living. If we came in with a similar problem, the attendants would yawn and tell us to come back next Thursday.

What all this goes to show is that one of the liveliest incentives to capable, efficient service is missing from our current system. Fear. Most people are no longer afraid of doing a bad job. Unless they happen to own the company they work for, the negative consequences of mistreating the consumer are now mostly psychological rather than economic. It may make someone feel lousy when he takes advantage of other people. But if it doesn't, the threat of losing his job may not mean much either. Being fired these days is not always unattractive. With so many social welfare services to cushion the impact of unemployment, some people treat being fired almost as a paid vacation. In fact, lots of people do. In a single week, New York has mailed as many as 20,000 unemployment checks to tropical resorts. In some industries, labor unions have even begun to demand that senior employees have the right to be laid off first.

We've rigged the system to enable ourselves to be lazy producers and thus have provided another proof of Oscar Wilde's famous quip: "When the gods wish to punish us they grant us our wish." We wanted to create a society where almost anybody could be paid for doing nothing. And we have. The trouble is that the benefits we gain from being lazy producers are taken away from us as consumers. We are paid more to *do* less. But we have to pay more to *get* less.

It is a problem which can best be appreciated while standing in line to have something repaired. It doesn't matter what: television, sewing machine, refrigerator. These days you need an appointment, just as if you were going to visit a good brain surgeon. And unless you are lucky enough to know some little old man who still does a good job from force of habit, chances are the repair won't be done properly.

For example, not long ago I took an automobile in to be repaired for the 23rd time. It was purchased new in February 1976. Most of the early repairs were covered by the warranty, but they were nonetheless aggravating. At times I felt like suing the dealer, running the car off a cliff, or shipping it to Africa as a gift for Colonel Khadaffi. I didn't. I stuck it out, imagining that some combination of replacement parts could make the thing work like it was supposed to.

This outstandingly stupid optimism persisted, past the day when the service manager was fired, literally for "trying too hard to please customers on matters which weren't the dealer's responsibility." I only wised up after the manifold cracked into little pieces. After weeks of hassling for an appointment and waiting for more parts, the thing finally was replaced and I was told, "You shouldn't be having any more trouble with it." Right. No sooner had I driven away than a gasket caught fire and the manifold came loose.

Sitting there by the side of the road, listening to the unmuffled roar of the engine, I had my first vision of a new form of paranormal experience—consumer revenge. Of course, it was probably brought on by carbon monoxide poisoning. No matter. That didn't reduce the pleasure of imagining that some strange process of telekinesis would henceforth, by means unexplained, inflict raw justice upon those who abuse consumers with bungling, incompetent service.

The first to get what he deserved was the mechanic—who at that moment dropped a monkey wrench on his foot. The problem is that he probably did not realize that his swollen toe reflected justice at work. To him, it was mere clumsiness. To become really useful, consumer revenge must become a well-publicized fad. Henceforth, the mechanic should imagine that while he works some poltergeist is sizing up an anatomy chart with an eye to grafting the manifold to his person should he not bother to install it properly. In that case, there would be a marked improvement in the quality of repair work.

And it needn't be confined to mechanics. Think what a change would come over your friendly monopolists at the post office and the telephone company if they thought there could be some bad consequence of providing bad service. The mailman who dawdles on delivery, for example, should be tormented into imagining that everything he touches is turned into a sort of rank Limburger—until all the mail that he slowed up is in the hands of persons for whom it was meant. It could be amazing.

Admittedly, however, not everyone is

(Continued on p. 47.)

movies

• Dawn of the Dead • Prophecy • The Last Wave • Nightwing

• Mysteries, thrillers, and tales of the supernatural are particularly numerous this season; they are also on the whole the best films around just now—which doesn't speak very well for the others. The latest in the series is **DAWN OF THE DEAD**, an exercise in the macabre that has an interesting enough premise but never quite takes off from there. The premise is that most of the people in the United States are dead of some dread disease and come to life again as man-eating zombies possessed of will but not intellect, wandering about the earth feasting on human flesh—the flesh of those who are not yet diseased, thus guaranteeing that there will be more and more victims. The film, a follow-up of *Night of the Living Dead* a few years back, concerns the adventures of a small group (three men, one woman) who are not yet diseased and their attempts to survive in a doomsday situation. The development of this theme is mildly interesting if you are not put off by seeing lots of blood and gore on the screen. If you are, don't bother to go, for to enjoy the film at all you have to keep your aesthetic distance high.

—John Hospers

• John Frankenheimer is a master of conflict, confrontation, and suspense, as well as an expert old-fashioned storyteller, though sometimes his stories are not as good as his ability to tell them. In *Seconds*, the two came together to create a film of rare quality. **PROPHECY** is not one of his best achievements.

Maine Indians, supported by ecologists and the EPA, are on one side of the struggle; economic development, represented by lumber mills, is on the other. Arguments for both sides are fairly given, though the Indians are strongly favored in the film—and if indeed the facts were as presented in the film (that mercury used in preparing logs for market causes animals and people to have monster offspring), their side would be entirely in the right, at least in demanding the discontinuance of mercury, though not necessarily in demanding that non-Indians give up all rights to the land.

Unfortunately, in the latter two-thirds of the film the monsters take over, and we have a standard monster-mystery film: What will the creatures look like? When will they appear next? Who will be the next victim? This is the season of horror films, and Frankenheimer bows to the demand—which is a pity, for he is capable of much better. Few directors would think to accompany panoramic airshots of the majestic Maine forests (actually British Columbia) with such an appropriate musical accompaniment as the surging slow movement of Brahms's Fourth Symphony and, while continuing the music, cut to its performance in a New York concert hall where we are introduced to the cellist heroine, Talia Shire. Nor do most directors present controversial issues in other than simple black-and-white terms (witness *The China Syndrome*).

What happens here is that the whole issue is sidestepped: we have the opposing forces dramatically set before us, and we think we're going to get some meaty cinema fare for a change, and instead we get a diet of monsters. What happens to the ecological problems? Do the lumber mills get closed down? Does Talia's pregnancy result in a monster-birth? What happens to the Indians' fight to own the land? In the end, all the themes that the film has led us to be interested in are dropped completely, and the only quarry that gets pursued is monsters, which even in their endless variety in recent filmfare have become a crashing bore.

—J. H.

• It would be easy to dismiss the Australian film **THE LAST WAVE** as a prolonged piece of mystery-mongering foolishness. Such a judgment, however, would be superficial.

It begins with a set of "coincidences" about water—constant rain, hailstones where they never fell before, water down a staircase, water flowing from the dashboard of a car. Then the protagonist (Richard Chamberlain) sees in dreams events that are about to occur in reality: people appear before him in dreams whom he has never seen in life but whom he is shortly to see. It is indeed a tale of mystery and the supernatural. But it takes ancient Australian aborigine tribal customs seriously, including the doctrine of real time versus dream time, on which much of the film is premised. It imbues aborigines with prophetic powers, not unlike their counterparts in the later works of the Old Testament. And it pinpoints the conflict between tribal aborigine law and European law as inflicted on the aborigine by white Australians.

The craftsmanship in this film is of a high order. Not since Clarence Brown's superb film version of Faulkner's *Intruder in the Dust* some years ago has a film been so effective without background music, but with devastating sound effects—in this case from the primitive aborigine instrument, the didjeridoo. If you are not too picky about the internal logic of a film, you will find this one absorbing and richly textured in a highly original way, which is far from accounted for by the novelty of seeing Australians versus aborigines instead of cowboys versus Indians. Director Peter Weir has done an imaginative job with a prepossessing theme. If the viewer remains somewhat disturbed, this may be because he cannot connect the commonsense world he inhabits daily with the mystical world of the aborigine, while the film is concentrated at the uncomfortable region of their junction point.

—J. H.

• The idea of celebrating American Indian culture—not as it was, but as it is in the 1970s—is surely a good one, though why not say something about the eminently sensible and down-to-earth Hopi ethics rather than about some of their crazier ancient superstitions? The part of Arizona in which the events take place is singularly beautiful and richly photogenic. The idea of bats coming out of dark caves at sundown arouses in most people the appropriate feelings of mystery and dread. And the thought of blood-sucking vampire bats arouses even more dread in those who have been raised on Dracula plots. The trouble is that, by trying to get all these elements together into one picture, the filmmakers have defeated their own ends by pressing all the wrong buttons together. Vampire bats, Indian tribal customs, and scientific methods of pest extermination don't mix well in the same stew. The result is that **NIGHTWING** is what in the film trade is known as a bomb—more specifically in this case, a stink-bomb.

—J. H.

Political movements, except for totalitarian ones, are anyway not capable of providing solutions for metaphysical and religious worries; they ought not to try to expand their ideas into a sort of all-embracing worldview with ready-made catechisms. They must not, nevertheless, evade the question: what went wrong and what is wrong with the set of values with which we were brought up, why have so many people not found these values life-supporting, why are they not ready to die for them?

—Leszek Kolakowski

spotlight

Lawyer for Liberty

The *Los Angeles Herald Examiner* recently displayed the headline "Linda Abrams and Her Private War against Big Brother." The theme of one lawyer's fight to defend individual rights against growing government interference is not a new one to those who know Linda Abrams. It is a fight that has led her to defend:

- a businessman whose second business the IRS declared a hobby,
- a grower slapped with a fine for selling his oranges at a lower price than the competition's,
- an answering service accused of fronting for prostitutes,
- former marijuana defendants needing their records expunged,
- a bus driver who failed to get ICC approval of his service—fetching little old ladies to and from Las Vegas.

It is cases such as these that prompted the *Herald Examiner* to write that, while "It seems the only thing attorney Linda Abrams' clients have in common is their remarkable diversity,. . .each of her clients seeks her help for exactly the same purpose: getting the government off their backs."

In only her fifth year of legal practice Abrams, whose office overlooks Beverly Hills, has established a successful law practice and a growing respect for her work. She leads a very busy life, also serving as the vice-president of the national Association of Libertarian Lawyers and the director of a Los Angeles-area supper club (a monthly meeting group for libertarians).

As a "libertarian lawyer" she sees her role as standing "between people and their rulers, protecting anyone with whom the government is interfering." In order to accomplish this task she has combined various legal disciplines into "the specialty of 'libertarian law' "—"a hybrid, made up of about two parts constitutional law and one part each of administrative and criminal law." Constitutional law derives its importance from the protection it can furnish individuals against government intervention. Often, she says, it "provides us with the chief defenses remaining." Abrams notes that "constitutional issues are far more pervasive than most people —and even many lawyers—suspect."

Yet her libertarian stance also creates some problems for Abrams. For example, she sees a conflict between a commitment to voluntary relationships and the legal system's provision for subpoenas to force testimony and for the initiation of lawsuits against private parties. So she refuses to engage in either legal practice. She believes that it is the right of each potential witness to choose whether or not to testify, and so far she has been able "to avoid this problem almost entirely" since her law practice is primarily "defensive in nature." Abrams thinks that defending individuals against government encroachment "is actually far less conflict-generating than most" types of legal practices, and, "like judo, its focus is the turning-aside of force directed at an individual."

Rob Brown/Herald Examiner

Linda Abrams

On the other hand, Abrams firmly believes in using the very same tools in battles with the government—even more so when it is the government that has violated the law. One recent example involves a case where the owner of a discotheque, frequented by gay teenagers, was charged with violating an old and long-ignored ordinance forbidding minors to dance in public. Abrams filed suit on behalf of the owner against the city of Los Angeles and some of its police officers, charging that he had been falsely arrested and imprisoned, maliciously prosecuted, intentionally subjected to emotional stress, and deprived of his civil rights. (The city attorney even sent her client a questionnaire containing such irrelevant questions as whether he had ever had venereal disease.)

Linda Abrams's struggles have shown her the importance of two very subtle techniques that have been of great help in her legal battles. The first concerns her refusal to use the emotionally laden terms of the opposition. The use of such words as *pornography* or even *adult literature* ends up conceding the issues at hand, since they involve surrendering to the opposition's moral judgments. Recalling one of her first lessons at the UCLA law school, she mentions that "the one who frames the issues usually carries the day, so even the seemingly-small stubbornness of refusing to use the enemy's terminology can have significant psychological impact."

Her second technique involves "an understanding of the bureaucratic mentality and motivation." She points out that, for government employees, "the more a file looks like work or—heaven forbid—a decision involving responsibility, the more likely it is to fall to the bottom of the IN-basket or get shuffled from desk to desk indefinitely. Consequently I have taken pains to establish a reputation with those agencies against whom I have litigated that instills in my opposition the dread certainty that they will have to work through some three-day weekend in the near future if they continue to oppose my client."

Linda's introduction to libertarianism came during the summer after her first —and unsatisfying—year of law school at the University of California at Los Angeles. She became acquainted with a young man from San Francisco, a stockbroker who had, she says, "the healthiest, most straightforward, cleanest relationship with reality" of anyone she had ever known. When she discovered that he thought highly of Ayn Rand, she flew to New York to learn from his teachers. In the next two months her views had changed "180 degrees"—from those of a "Beverly Hills liberal" to those of a libertarian.

While Linda views her work as "challenging and exciting," she realizes that " 'fighting city hall' is clearly always an up-hill struggle" and does not expect any overnight changes. As she says, "They've got the rules and they've got the guns." Anyone who breaks the law will "sooner or later" find that "someone shows up on your doorstep with a gun in his hand."

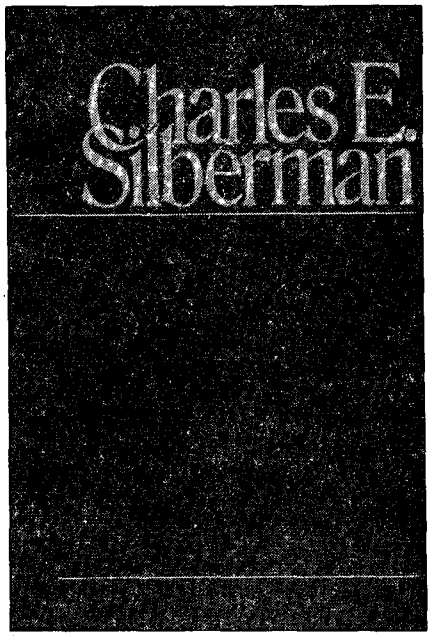
—John R. Lott

books

Criminal Violence, Criminal Justice

By Charles E. Silberman. New York: Random House. 1978. 540 pp. $15.

Reviewed by Susan Marie Szasz



"All over the United States, people worry about criminal violence." These opening words from Charles Silberman's *Criminal Violence, Criminal Justice* may well be true, but the recent proliferation of books on criminology and penology suggest that most of the "worrying" is really being done by supposedly do-gooding sociologists. Perhaps the age-old problem of crime is in fact no worse today than when man first appeared on earth, and it is just that the relatively new breed of social scientists have led us to believe that matters are much worse today—if only to justify their own existence as the only profession capable of solving the "problem."

Silberman's own goal is not to solve the problems of our criminal justice system but to explain them: "My goal is...to correct errors and clear up misunderstandings [but also] to change the way Americans think about criminals and crime and about the operation of our system of criminal justice." The question for us, then, is, How well does Silberman explain the state of crime and criminal justice?

While on the one hand he repeatedly reminds us that crime is a universal problem, as old as life itself, on the other hand he goes out of his way to argue that, in the United States, much crime is due to peculiarly American characteristics: "American crime is an outgrowth of the greatest strengths and virtues of American society —its openness, its ethos of equality, its heterogeneity—as well as of its greatest vices, such as the long heritage of racial hatred and oppression." Perhaps our inability to *eliminate* crime stems from our unique passion for a combination of liberty and community, but this does not really explain the specifically American penchant for criminality—if indeed there is such a thing.

What Silberman claims is characteristic of many criminals in the United States is, in fact, more characteristic of the crime fighter or even of our criminal justice system as a whole. Silberman himself returns to this American dilemma when he laments the excessive discretion of the sentencing process. He accepts this because, in the long run, it tends to protect individual liberty: "Diffusion creates a certain untidiness that fastidious legal scholars find upsetting; but when people's lives and liberties are at stake, untidiness may be preferable to an antiseptically neat and conceptually clean sentencing system."

One of the most refreshing qualities of Silberman's work—and it is surely unusual to read anything particularly refreshing in the field of criminology of late —is his unfailing recognition that however many "societal" factors may contribute to a criminal's behavior, ultimately the individual himself is responsible for his actions. To be sure, he does not quite escape the liberals' emphasis on poverty and race as "causes" of crime, but he stops short of accepting these so-called causes as excusing conditions. To those who would dismiss this seemingly tough stance toward criminals (who are mostly black and poor) as evidence of racism, Silberman replies by turning the tables on them: "To excuse violence because black offenders are the victims of poverty and discrimination is racism of the most virulent sort; it is to continue to treat black people as if they were children incapable of making moral decisions or of assuming responsibility for their own actions and choices."

Silberman's book could have been considerably shorter. The first part—a detailed description of criminal violence, mainly in the United States—is crammed full of statistical data and footnotes. The reader cannot help, at times, but feel that he is reading a doctoral dissertation, more concerned with at least the appearance of completeness than with presenting a clear, concise, and cogent argument. By the time we reach the real meat of Silberman's thesis in the second part of the book—his prescription for improving our criminal justice system—we are ravenously hungry to hear some "solutions." Even then we get only an excessively lengthy exposition of utopian "alternatives."

Although too timidly formulated, much of Silberman's exposition is insightful, lucid, and thought-provoking. Citing the plethora of explanations for our admittedly inadequate and inept criminal justice system, Silberman emphasizes what is all too often ignored—that much of the ineffectual nature of criminology is due to medicine having, as it were, infected it. He traces the source of the infection back to the turn of the century, when Enrico Ferri conceived the idea of making criminology "scientific" by applying medical metaphors to it: criminals would no longer be "bad," only "sick," and law enforcement agencies would "treat" rather than "punish" offenders.

Silberman notes that ever since then, "liberals have been addicted to medical metaphors" and, more importantly, observes that such a language is deceptive as well as self-deceptive: "Far from eliminating punishment,...an emphasis on rehabilitation simply continues punishment under another name. Whether an offender is 'treated' or not, forced deprivation of liberty constitutes a punitive act." While all lovers of freedom and clear speaking might here applaud Silberman, we must stop short of a standing ovation: his failure to mention, let alone discuss, the use and abuse of psychiatry and the insanity defense as excusing tactics in the courtroom can only puzzle us.

Silberman's discussion of juvenile justice is likely to provoke the least reaction—if only because we can all agree on how badly the juvenile court system works in this country. Children are "charged" with "status offenses"—incorrigibility, ungovernability, truancy, to name a few—actions that would not remotely resemble criminal activity if en-

gaged in by an adult. Furthermore, however much we may complain about the lack of due process for adult criminals, the situation for minors is far worse—and deteriorating: to Silberman's long list of abuses we can add one of the latest Supreme Court decisions: a child may now be locked up in a mental institution (sent away for "treatment") by his parents without so much due process as a simple hearing beforehand.

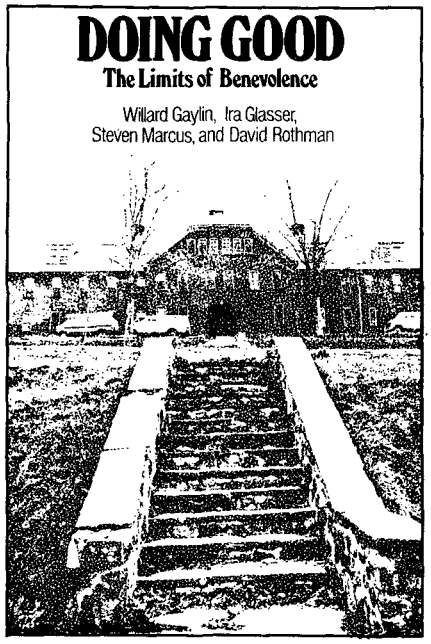
Still, no matter how disappointed we may be with Silberman's failure to take a firmer stand, we cannot be dissatisfied with the book as a whole. He has managed to bring together numerous views on criminal justice, from liberal to conservative, and has presented each fairly, criticizing where criticism is due. But it should be noted in closing that Silberman does have one specific suggestion for our criminal justice system that is easily lost in his own lengthy presentation but that should not be ignored: he strongly favors transforming the police from a "law enforcement agency" into a "public service agency." This seems to be nothing more than a euphemism for a potentially much larger role for the police—and for government as a whole. The criminal is undeniably a threat to a free society, but is this not an even greater threat?

Susan Marie Szasz, a reference librarian at Cornell University, has done graduate work in political theory in the University of Virginia's Department of Government.

Doing Good

By Willard Gaylin et al.
New York: Pantheon Books. 1978. 171 pp. $8.95/$2.95.

Reviewed by Paul Kurtz



This book adds a significant dimension to the debate against the government's encroachment on the liberties of the individual. Conservatives have traditionally focused on the unfairness of welfare programs that are financed at the expense of its productive citizens. The authors of this book, calling themselves the "children of the Progressive movement," likewise remonstrate against the growth of the welfare state—but more from the standpoint of the recipient of the largesse. As such, they provide a powerful *moral* indictment of the misuses of benevolence.

David Rothman, professor of history at Columbia University, observes wryly that if "the last refuge of the scoundrel" was once patriotism, it now has become "the activity of 'doing good' for others," acting in their supposed best interest. For in the process of "helping" the dependent person, increasingly his rights are violated and his dignity as an individual undermined.

For most of this century liberal reformers and social activists were committed to the model of the paternalistic State, willing and able to intervene and protect the needs of others. What has happened, however, is that the excessive zeal of the reformers has had unintended consequences, such that the cure proposed has become often worse than the original malady. The authors are referring to our hospitals, nursing homes, mental institutions, prisons, the extensive programs of aid for the handicapped and disadvantaged, the massive growth of social services and the helping professions. They recognize the fact that many of the programs that were enacted with great hope have failed.

Willard Gaylin, a psychiatrist, maintains that the motive of beneficence is built into the human being; there is an innate genetic response of caring and loving that finds its fullest expression in the care of infants. Yet, this tendency rooted in the individual person can be distorted when transformed into social policies.

Steven Marcus, in a fascinating essay, asks how well-meaning citizens, who act on behalf of others in the name of some benign interest, can at times behave so coercively and callously. Although we ought not to be insensitive to the needs of others, beneficence can be overdone and we can degrade individuals by excessively caring for them, thus rendering them more dependent. Marcus points out that we are not the first to have discovered this lesson. He relates the woeful experiences of England in dealing with the poor in the 18th and 19th centuries.

For a long period the rural workers were the pride of English society. The Poor Law of 1601 legislated that all able-bodied poor must be put to work in order to earn some sustenance. This was provided for by the local parish. With the growth of industrialization, conditions began to change and a surplus of labor developed in the countryside. In 1795, a minimum guaranteed income for the poor, regardless of earning, was first instituted on the local level and rapidly spread throughout all of England. Under the plan, a working man got relief, even if working, as soon as his wages fell below family subsistence.

According to Marcus, this act of seeming beneficence in time created a monster: the end result was a demoralization of the countryside, the pauperization and the loss of productivity and self-respect of the English country worker. If the English rural worker in the middle of the 18th century was the pride of his nation, 150 years later he became impoverished and servile. In the early 19th century great efforts were made by people such as Bentham to extricate the country from the system of relief and welfare, and eventually workhouses for paupers were established, which made public support even more demeaning. Marcus concludes that society can degrade people by caring for them. We surely need at times to care for people, he says, but an overweening beneficence can do more harm than good.

The inevitable question that is asked and answered in the affirmative is whether we have reached a similar impasse in the Great Society. The moral case made against paternalistic social action is not the meritocratic argument—that only those who contribute to society merit help (recognizing that some deserving persons nevertheless may need some help)—nor from the standpoint of those taxed to pay who consider it an unwarranted expropriation of their hard-earned income. Rather, the authors maintain that we are in fact hurting those who receive aid. For by treating them more or less like children, we never allow them to help themselves nor to develop responsibility for their own destiny. We have developed generation after generation of wards of the State, rendering their autonomy as persons meaningless.

Ira Glasser, executive director of the New York Civil Liberties Union, is especially concerned that programs of public assistance have violated the rights of the needy. The Bill of Rights, he insists, should protect them against the government as well as others. Their liberties were gradually seduced and ravaged by good

intentions. Mental patients had no rights once committed to an institution, elderly patients in nursing homes signed over their basic rights to the bureaucracy, and recipients of welfare are at the mercy of the welfare department: the midnight knock of the case worker can be as oppressive as that of the police officer without a search warrant. Conservatives believe that many who receive welfare are cheats and should be carefully scrutinized, but Glasser argues that in doing so the State has become impervious to their civil liberties.

He recommends a moral principle to guide us in the future, that of least harm; that is, "those programs ought to be adopted that seem to be the least likely to make things worse." He agrees with a basic principle of libertarianism: that government is best which governs least—in all areas.

The moral issues in treating the disadvantaged are complex: we need to balance needs and rights. Everyone recognizes that there are truly helpless persons—who during certain periods are unable to fend for themselves. A genuine humanitarian interest recognizes these needs and is willing to lend a helping hand. The problem occurs when the extended hand deadens the individual's motivation, destroys his initiative, dignity, and self-respect, and thus becomes the smothering hand.

After many years as editor of the Humanist, *Paul Kurtz recently returned to full-time teaching at the State University of New York at Buffalo.*

Never Again: Learning from America's Foreign Policy Failures

By Earl C. Ravenal.
Philadelphia: Temple University Press.
1978. 138 pp. $10.

Reviewed by William A. Niskanen

A nation, according to conventional wisdom, learns only from its failures. The United States, according to Earl Ravenal, has learned such different lessons from its foreign policy failures that it risks repeating them. He identifies "five types of lessons for the future of American foreign policy":

- *Instrumental.* Improve weapons, tactics, intelligence and decision-making procedures.
- *Proportional.* Maintain policy of selective intervention based on more careful evaluation of relative priorities.
- *Consequential.* Maintain policy of selective intervention based on more careful evaluation of domestic consequences.
- *Fundamental.* Moral considerations should dominate, but a major change in US institutions may be necessary.
- *Strategic.* Reevaluate strategic objectives based on foreign and domestic constraints on US actions.

Most of this book consists of a critique of the first four lessons. It concludes with a brief, rather unsatisfactory, argument for a progressive devolution of US commitments "until we have found a new, obviously defensible security frontier."

Ravenal's most thoughtful criticism is directed against the proportional explanation of the failure in Vietnam. (Both the proportional and consequential explanations are essentially benefit/cost arguments. The proportional explanation is that the benefits of intervention were overestimated; the consequential argument is that the costs were underestimated.) According to this view, conditions in Vietnam were unique, and our actions were mistakes based on misinformation.

Ravenal, along with Gelb and Ellsberg, makes a convincing case that Vietnam was a failure but not a mistake, that sufficient information was available at each stage of the US escalation, and that—given the set of presumptions that still constitute foreign policy—the same actions would be repeated now. Moreover, the proportional and consequential arguments provide convenient explanations of prior failure but do not provide helpful lessons for future policy.

Ravenal correctly concludes that the instrumental lessons are insufficient (because they divert attention from the strategic issues) but, in my view, he dismisses these lessons too casually. He does not adequately treat the moral argument that both governments and individuals should be judged by the same moral standards, because he fails to recognize that both should be judged by a different moral standard in a lawless environment. The argument that Vietnam and, in general, an interventionist foreign policy is a functional imperative of capitalism is treated with deserved contempt.

Ravenal concludes with an argument for a reduction in economic interdependence and a progressive devolution of security commitments, based on a presumption against intervention. I share that presumption. Indeed, a consistent presumption against government intervention in both domestic and foreign affairs is the distinguishing characteristic of the libertarian position. For this reason, I found his concluding arguments to be very unsatisfactory. What foreign trade with which countries should be reduced? Which security commitments should be dropped? Ravenal neither addresses the hard choices raised by these prescriptions nor suggests a decision rule for making these choices. Those who share Ravenal's presumption against intervention but seek the development of a consistent foreign policy that is cognizant of the realities of domestic and foreign conditions, will have to look elsewhere.

William Niskanen is chief economist for a major US corporation. He has worked for defense-related think tanks and for the Department of Defense.

How to Be Your Own Lawyer (Sometimes)

By Walter L. Kantrowitz, J.D., and Howard Eisenberg.
New York: G. P. Putnam's Sons. 1979. 406 pp. $12.95.

It's easy nowadays to find a "how to" book on just about any topic. Law is no exception. But it is unusual indeed to find a manual genuinely helpful to a citizen struggling for self-sufficiency in the particularly entangled and esoteric arena of law and justice.

How to Be Your Own Lawyer (*Sometimes*), despite some obvious deficiencies, could be the best publication of its kind since the 1925 edition of Putnam's *Handy Guide for the Layman*, which was written in times when self-reliance was better

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understood. The authors claim that the reader will receive "quite a decent elementary legal education" and that the book will be valuable in "cutting legal bills" and "eliminating unnecessary visits to a lawyer." Thus their main objective is to focus on practical knowledge necessary to understand the law. As such, the work offers no gems of insight into the theory and logic of law. On the other hand, Oliver Wendell Holmes once said that "the life of law has not been logic: it has been experience." And a citizen's experience in grappling with our legal system should hold importance for theoreticians.

The authors, Walter L. Kantrowitz and Howard Eisenberg (a New York attorney and a professional writer), acknowledge that, given the current reality, many situations demand a lawyer's services. Thus the "sometimes" disclaimer in their title. They counsel against *pro se* (self-represented) status when "you are charged with a crime, caught in a lawsuit involving a substantial amount of money, or, if you are insecure." They counsel that certain personality characteristics are essential to a *pro se* effort, such as: "moderate intelligence, reasonable ability to articulate, determination, humor and a sense of perspective."

The book provides decent advice on legal matters with which the middle class must cope. But the authors' promise to give you everything you need to know about: going into business, bankruptcy, wills, probate and divorce, etc., plus how to bargain, prepare for court, and try a case, is a trifle presumptuous. Nevertheless, there is enough information and savvy to serve as a good launching pad into legal experience. And law students will find the book helpful during the adjustment period between law school theory and everyday practice.

Despite the authors' generally successful attempt to provide the book with an aura of completeness, there are several deficiencies. The worst problem is the lack of a glossary of legal terms—necessary for communication in legalese with natives of the legal community. Forms are provided for most of the transactions discussed in the book, but they are the old-fashioned variety, full of terms confusing to the average person. One would expect the authors to be up on the trend to simplify legal documents and to provide examples of forms reworded in the most up-to-date simplified terminology.

People today are inevitably confronted with complicated rules of procedure that relate directly to the complexity of our culture. Operating in the legal arena is certainly one of those complicated experiences in which the potential for pettiness is high because of the vast arsenal of laws and rules with which people can fight one another. The authors warn repeatedly that involvement in litigation may be more than most of us bargain for. They quote Lincoln: "Discourage litigation. Persuade your neighbors to compromise whenever you can. Point out to them how the nominal winner is often a real loser—in fees, expenses and waste of time."

For readers still anxious to pursue a lawsuit, *How to Be Your Own Lawyer (Sometimes)* will get you started with its presentation of substantive and procedural information about the law. At the very least, you will learn to make an effective threat to sue—often all it takes to begin the bargaining process toward a favorable compromise. In their attempt to be purely practical, however, the authors miss an excellent opportunity to encourage further public participation in the legal system and to foster pressure for overdue reform.

—Dan Lewolt

Book Hints

a selective mention of books received

Some hints in search of a theme: Reason Foundation Advisory Board member Juliana Geran Pilon is the author of *Notes from the Other Side of Night*, recently published by Gateway Editions (South Bend, Ind., 1979, 147 pp., $8.95), in which she recounts impressions, memories, and reflections on freedom on the occasion of a return visit to her native Romania. REASON contributor Don B. Kates ("Gun Control Doesn't Work," May 1977) is the editor of *Restricting Handguns: The Liberal Skeptics Speak Out*, recently published by North River Press (Croton-on-Hudson, N.Y., 1979, 237 pp., $9.95/$6.95; distributed by Caroline House, Thornwood, N.Y.). The fourth volume of REASON contributing editor Murray N. Rothbard's *Conceived in Liberty* is now out from Arlington House (New Rochelle, N.Y., 1979, 470 pp., $14.95); the title and subject of this volume: *The Revolutionary War, 1775-1784*. And Rothbard and REASON contributors James M. Buchanan and Eric Mack have contributions in *Anarchism*, a book in the series *Nomos*, the yearbook of the American Society for Political and Legal Philosophy (edited by J. Roland Pennock and John W. Chapman, New York: New York University Press, 1978, 375 pp., $17.50). And REASON contributing editor and movie reviewer John Hospers has his essay "Free Enterprise as the Embodiment of Justice" in *Ethics, Free Enterprise, and Public Policy* (edited by Richard T. De George and Joseph A. Pichler, New York: Oxford University Press, 1978, 329 pp., $11/$6). And senior editor Tibor Machan has contributed "Reason, Morality, and the Free Society" to a volume on F. A. Hayek's thought, *Liberty and the Rule of Law* (edited by Robert L. Cunningham, College Station: Texas A&M University Press, 1979, 349 pp., $15).

—M. Z.

How to Prosper during the Coming Bad Years

By Howard J. Ruff.
New York: Harper and Row. 1979. 248 pp. $8.95.

Fear is one of the ingredients most guaranteed to make a book a bestseller, and Howard Ruff's latest tome, *How to Prosper during the Coming Bad Years,* peddles lots of fear. Since its recent publication, it has leaped up the bestsellers' lists—which news, despite reservations about the book, is welcome.

For the book is vintage Ruff; it displays all the virtues and all the faults of the man, his newsletter, and his television show. Indeed, readers of his twice-monthly letter, *Ruff Times*, will have a feeling of déjà vu on reading the book. They would not be wrong. Ruff has admitted that 35-40 percent of the book is a "cut-and-paste job" and that the whole work was completed in three months. It shows.

Chief of the reservations is the author's style. At times dogmatic, as though he were preaching, the book often reads as though Ruff himself had discovered gold, food storage, or even the free market itself.

Ruff tells the story on himself of his daughter, who on being told by her mother that she did not know the answer to a question and to "ask your father," replied, "I don't want to know that much about it." Ruff can go on a bit, it's true, but there's not too much danger of finding out "too much about it" from this book. It is too often shallow, reading like a synopsis of other people's ideas.

Having said all that, there is much to recommend the book, especially to those who are new to "survivalism" or crisis investing. It is a valuable introduction and summary of others' useful ideas, and those new to Ruff will perhaps find the style tolerable and certainly the ideas easy to understand.

His philosophical premises are in essentials correct, his scenario at least tenable, and his investment advice to meet that scenario basically sound. If the informed reader might find the book too superficial except for occasional chapters,

such as that on food storage programs, the less informed will doubtless find it a useful introduction.

And as the book shoots up the bestsellers' lists, we should at least be thankful that the great unwashed are reading Ruff rather than some frivolity or, worse, some Galbraithian fiction.

—Adrian Day

viewpoint

(*Continued from p. 40.*)

prepared to believe that poltergeists are hovering over his shoulder while he works. But some would. You could fill stadiums full of people who believe that soothsayers can step into another dimension and that Saint Joseph of Cupertino could fly. And this says nothing of the even greater numbers who place full credit in out-of-body experiences, Uri Geller, and congressional news releases. Such people are capable of believing in anything.

To make consumer revenge the occult fad it should be, all we need is a series of unsubstantiated reports that blind justice has suddenly struck some of the bunglers, dead beats, and ripoff artists who have heretofore gone scot free. From Mississippi could come the rumor that a washing machine repairman has been sucked into a top-loader during the rinse cycle and is being held for ransom until he refunds all the money he exacted over the years by dead beating during house calls. From Philadelphia could come the story of a corporate lawyer found strangled in red tape.

You see how it might work. The reports would be passed on as in a game of Chinese Whispers by disc jockeys on FM radio stations. Before long, the power of suggestion would have millions thinking about consumer revenge.

Soon, the *National Enquirer* would be running articles such as "Maître d' Chokes on Own Words—Amazed Investigators Identify Unchewed Sentence Fragment: '. . . will be ready in a moment.' " Pulp magazines, such as *Beyond Reality*, would adapt to the new fad by setting aside, along with regular reports on psychic predictions, a section on consumer revenge. By offering $25 for each "true-to-life" account, they would generate a flood of stories. For instance, Mr. R. U. Burlador of Miami might recount an episode of an electric clippers turning on a barber—after he scalped a customer requesting "only a slight trim." "When I seen them clippers chasing that barber around the chair, I didn't even wait to see what happened. I'm telling you. I just jumped up and ran. . . "

The trouble with this whole scheme is that, no matter how successfully consumer revenge flourished as an occult fad, it could never reach the people who most deserve torment. The power of suggestion is wonderful. But no amount of reiteration that supernatural vengeance for wrongs to consumers occurs is likely to affect the imaginations of those who have contributed most to consumer troubles—the monetary authorities and government economists. They are the accomplices of all the little dead beats, incompetents, and chiselers. When they cheapened money, they made it almost inevitable that products and services be cheapened too. The inflationists are the ones who not only took the extra nuts out of the candy bar but supplied the conditions for most of the consumer's other troubles, as well.

It is too bad that a series of nightmares and ghostly visitations of the sort that plagued E. Scrooge cannot be arranged for the architects of inflation. Each night, at the stroke of midnight, they should be handed a big shovel in their dreams, so they could spend the hours until dawn laboring to rearrange the mountains of paper money they caused to be printed. But this could never happen. The economists and the rest of the funny-money crowd are probably incapable of having bad dreams. Each night they drift into bliss, imagining that they are dots frolicking in the interstices of function curves on a piece of graph paper.

Then again, the very fact that consumer revenge could never penetrate to the imaginations or the consciences of government experts might help to insure that it becomes the trendy fad it ought to be. As time passed and stories of consumer revenge gained wide currency, two things would happen. There would be a great increase in the efficiency and competence of services of all kinds. And there would be the inevitable government investigation.

A panel of experts such as were assembled for Project Bluebook (which investigated flying saucers) would be brought together to sift all the evidence for consumer revenge. In 27 months the panel would report back: "There is absolutely no reason to believe that consumer revenge is real." Of more than 13,400 items investigated, all but 600 would be conclusively attributed to natural causes. The remainder, simply marked "unexplained," would be described in materials deposited in the National Archives.

Needless to say, that would remove all doubt. Sixty percent of the population would be convinced that the whole thing is real. You could see it by reading the graffiti in any bathroom: "CIA Hands Off Consumer Revenge." ◻

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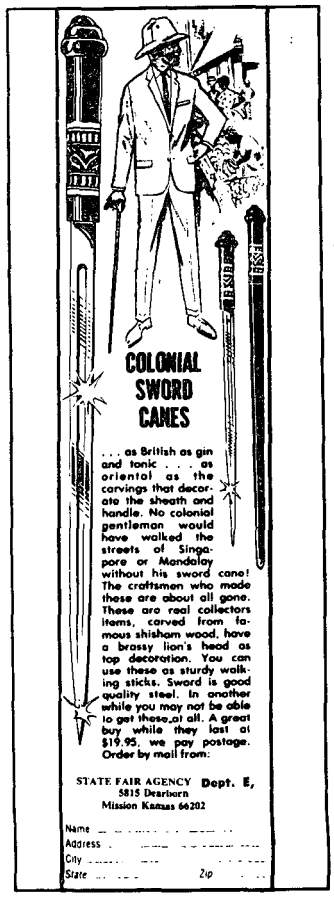
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letters

(Continued from p. 10.)

wards reaped by a few innovators and entrepreneurs, but it also meant one couldn't come looking for a specific person if something went wrong, if a product was defective. In a word, corporations breed irresponsibility, and people are quite aware of this.

The PCB debacle in Michigan is a good example. The chemical corporation that sold the fire-retardant chemical mismarked as animal-feed supplement ceased to exist as an entity with a convenient stock transfer. People affected by the chemical had no one to take out their anger on except "capitalism." Instead of being able to "black the eye" of the owner of the company involved, capitalism earned the black eye. If a real live person had owned the company, instead of anonymous stockholders represented by a faceless board of directors, he/she couldn't have dissolved away by little more than a name change. It's no wonder that big business people won't defend capitalism qua capitalism. They would then have to accept responsibility for what their corporations do....

It also is no wonder that the general public despises what they see as capitalism when "defenders" such as Bork openly accept the equation of capitalism with corporatism. People hate big business (not, it should be noted, the small, owner-controlled companies of true capitalists) for the same reason they hate big government—it literally is out of control. Nobody is minding the shop. Nobody owns it, nobody runs it, nobody is responsible.

Freedom requires responsibility. Corporations make responsibility impossible. The trend is toward corporations being owned by corporations that are owned by corporations, ad infinitum. Freedom has been and will continue to be the biggest victim of capitalism as corporation.

Rev. Christopher Brockman
Dryden, MI

"Mormon" Facts

I am disappointed with the July article entitled "Man vs. State" by Gary M. King. It is a piece of inaccurate, slanted trash.

Mr. King directs much energy into attacks on the "Mormon" Church (Church of Jesus Christ of Latter Day Saints) and its membership. King has no less than seven mentions of "Mormons" in his article: His facts are inaccurate concerning plural marriage and the "Mormon" church. The concept was first introduced in 1843, not 1847; and in 1890, not 1896, an end to the contracting of plural marriage was announced by the then current president. At no time was it practiced by more than 2 percent of the male membership, and it was not widespread nor popular, as King's article implies. The figure that 50,000 individuals are still practicing it in Utah and that there is an "underground polygamist 'Mormon' paper" are untrue.

In addition, King implies that 90 percent of Summit County, Utah, residents are "Mormon" with racial attitudes similar to the late John Singer, a known racial bigot. Where does King get these figures?

The final question is—What's the point of Mr. King's article? He certainly didn't make any points for the cause of private education with this poorly written, slanderous article directed toward trying to make a hero out of a misguided man who attempted to live outside both civic and ethical codes. Nor was Mr. King a responsible journalist to make snide comments on the "Mormon" church and its membership, an organization that is well known and respected for its ability to take care of its membership without federal or state contact or handouts.

Judy K. Pruden
Copper Center, AK

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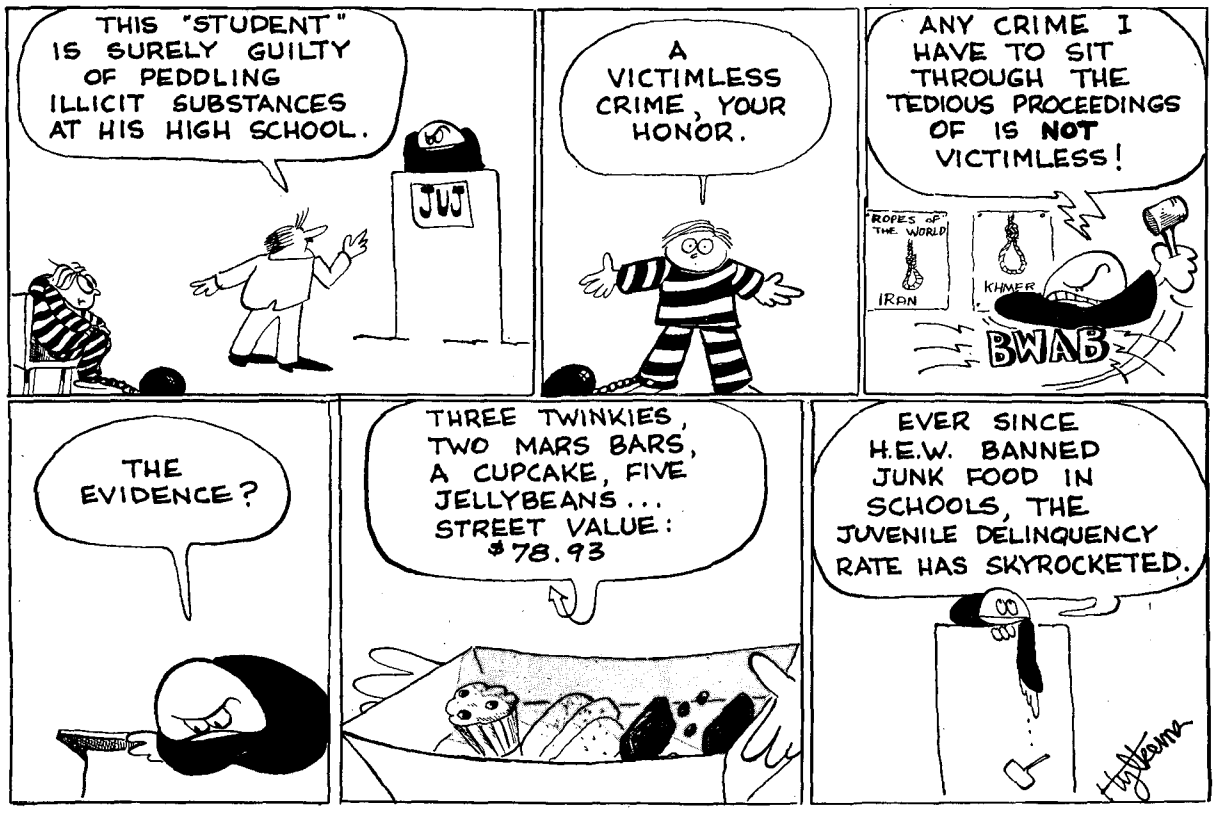
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LEARNING TO HEAR—AND LOVE—THE MUSIC INSIDE OF US

The art of being is the art of knowing and accepting who we are, at every moment of our lives. It is the art of awareness without denial or avoidance. It is the knowledge that we do not exist to fulfill anyone else's expectations or demands. It is the ability to relax into the fact that our lives are our own to live and that the responsibility for our happiness is ours to take.

ABOUT DR. NATHANIEL BRANDEN

Nathaniel Branden is the author of The Psychology of Self-Esteem, Breaking Free, and The Disowned Self. He is in private practice in Los Angeles, is Executive Director of the Biocentric Institute, offers training to psychologists, psychiatrists and other mental health professionals, and conducts INTENSIVES in major cities throughout the United States.

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Reason Magazine,
Dr. Cheri Adrian

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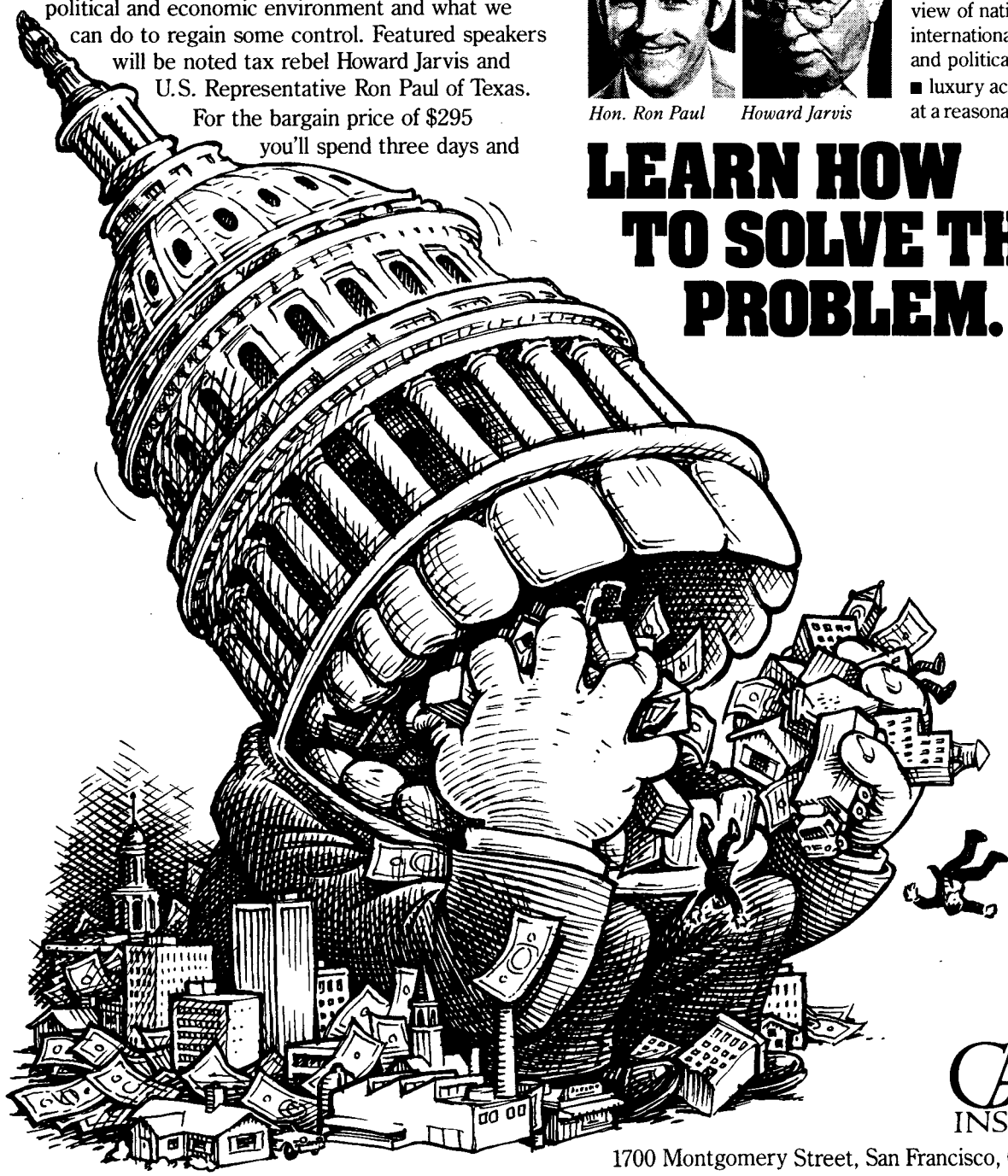

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